COUNTY OF FRANKLIN, VIRGINIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007

Prepared by the Franklin County
Department of Finance

COUNTY OF FRANKLIN, VIRGINIA COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2007

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January 31, 2008

To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of Franklin County, Virginia:

We are pleased to submit the Comprehensive Annual Financial Report of the County of Franklin for the fiscal year ended June 30, 2007. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain understanding of the government's financial activities have been included.

The comprehensive annual financial report is presented in the following four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, a short history of the County, Directory of County Officials, the County's organizational chart and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD & A), the basic financial statements and the combining financial statements. The statistical section includes selected financial and demographic information, generally presented over a ten-year period and the compliance section contains various auditor reports on compliance with applicable laws and regulations and internal control structure as well as the Schedule of Expenditure of Federal Awards.

Under generally accepted accounting principles, as promulgated by the Governmental Accounting Standards board (GASB), management is required to provide a narrative that precedes the basic financial statements. This Management's Discussion and Analysis (MD&A) provides as introduction, overview and analysis of financial results for fiscal year 2006-2007 along with summaries of the government wide financial statements that follow. Management's Discussion and Analysis is contained in the financial section of this report.

This report includes all funds of the government. The Franklin County School Board (Component Unit) is part of this reporting entity and provides educational services. Other services include courts, public safety, sanitation and waste removal, parks and

recreation, libraries, planning and zoning management and general administrative services.

Economic Conditions and Outlook

Franklin County, the seventh largest county in size in Virginia with an area of 721 square miles, is located in southwest Virginia. By offering close proximity to all markets along the East coast, the County is an excellent location for local industries and commerce. The local economy remained strong this past fiscal year with an average unemployment rate of 3.8%.

Much of fiscal year 2006-2007 was spent on a number of new capital projects. Projects included a new and expanded workforce center and a major upgrade to the County's emergency E911 radio system. Several major rehab projects were completed in the community of Ferrum. The County continues to develop its' park system with major work being completed at the Smith Mountain Lake Park and various rehab projects at existing parks. Plans are currently underway for a proposed whitewater park on a local river and include the removal of an existing dam.

The future economic outlook for the County of Franklin looks very good. With space available in several industrial parks, a stable employment base, easy market access, low construction costs, quality work force and excellent quality of life, Franklin County and the region is ready to continue planned economic growth in the years ahead. In the years to come, the County will focus on diversifying the employment opportunities within the County by recruiting various technology related companies and traditional manufacturing businesses to utilize the training provided by the local schools and colleges.

Major Initiatives

During the year, the Workforce Development Consortium continued to expand its reach to provide employer and employee services in a "One Stop Environment". The consortium, composed of 13 partners, provides opportunities in employment, training, and education. Representatives from the local school system, colleges, government and community agencies work together to provide workforce development services to the citizens and employers of Franklin County.

The County of Franklin continues to place major emphasis upon the capital needs of the County School System. Plans are being finalized for a new elementary school in the northern part of the Count which will relieve overcrowding at neighboring existing elementary schools. Construction of this school is scheduled to begin in the spring of 2008 and it is anticipated that the school will open in August 2009.

For the Future

The County has completed a water source study for a finished water utility service. The study has two parts, with the first related to the establishment of a public system for Franklin County featuring withdrawal from Smith Mountain Lake, located partially within the County, and the second, the consideration of interconnection with an adjoining County water system. The application for a new water intake facility at Smith Mountain Lake is being considered by the State Department of Health.

Financial Information

Management of the government is responsible for establishing and maintaining an effective internal control structure to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Budgetary Controls. The budget function is used as a management control device during the year for the General Fund and Special Revenue and Component Unit Funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Supervisors. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer amounts within general governmental departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

General Government. During the 2006-2007 fiscal year, the most significant increase in actual revenues was in the area of general property taxes. The large increase is a result of new construction throughout the County. Interest earnings on investments have begun to improve as a result of increases in interest rates earned on investments. A stronger economy has impacted other local taxes producing increases in local sales tax, meals tax and consumer utility taxes.

The most significant increase in expenditures continues to be in the area of education. Education increased largely due to salary increases and related benefits. Overall Debt Service expenditures continue to gradually increase as the County borrows funds for capital projects.

Debt Administration. At June 30, 2007, the County had a number of bonded debt issues outstanding. These include \$26.1 million of general obligation, \$6.7 million of outstanding literary loan debt and \$2.3 million of water system revenue bonds. The County has adopted a Debt Policy that establishes guidelines and limitations for the issuance of debt. The policy addresses the level of indebtedness the County can reasonably expect to incur without jeopardizing its financial position and to ensure the efficient and effective operation of the County. The County will measure its level of debt

through three ratios: 1) County debt as a percentage of assessments will not exceed 3.5%, 2) the County's debt service as a percentage of general government expenditures will not exceed 10%, and 3) the County's debt per capita will not exceed \$1,500 per capital. As of June 30, 2007, the County's net debt per capita ratio was \$626, the net debt to assessed value was 0.53%, and the debt service to general governmental expenditures was 3.47%.

Cash Management. Under a pooled-cash concept, the County invests all funds cash with maturities planned to coincide with cash needs. The County's funds are invested in state approved financial institutions and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1 et. seq. of the code of Virginia or covered by federal depository insurance. The County earned \$2,432,407 in interest income on all investments for the year ended June 30, 2007.

Risk Management. The County and its Component Unit-School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates with other localities in the Virginia Municipal Group Self Insurance, a public entity risk pool, for their coverage of worker's compensation. The County's component unit-School Board participates with other localities in the School Systems of Virginia Group Self Insurance Association, a public entity risk pool, for their coverage of worker's compensation. The County and its component unit-School Board pay an annual premium to the pools for their general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and its Component Unit-School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

General Fund Balance (Undesignated). The undesignated general fund balance is 18.9% of the general fund, special revenue fund and component unit budget for the year ended June 30, 2007. This is an increase from last year as a result of growth in real estate taxes and other local taxes. The Board of Supervisors has adopted a target to keep the undesignated general fund balance at a minimum of 10% of the County budget excluding capital projects.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates was selected by the County to perform this audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors reports related specifically to the single audit are included in the Compliance Section.

Awards. The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Franklin, Virginia by for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the sixth consecutive year that Franklin County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. In closing, without the leadership and support of the Board of Supervisors of the County of Franklin, preparation of this report would not have been possible.

Sincerely,

Richard E. Huff, II County Administrator Vincent K. Copenhaver, CPA

Director of Finance

HISTORICAL SKETCH OF FRANKLIN COUNTY

In the 1740's, pioneers traveling by river and road from Eastern Virginia and Maryland, and Scotch-Irish and German families coming down the Carolina Road (originally known as the Great Indian Warrior Path) settled in what would become Franklin County, then the western-most county in Virginia. The County was formed in 1786 from parts of Bedford and Henry Counties by an act of the General Assembly. It was named for Benjamin Franklin, then governor of Pennsylvania, where many settlers originated.

The County lies in the western piedmont, a diverse terrain ranging from flatlands on the east to rugged peaks of the Blue Ridge on the west. The area was home to native Americans as early as 10,000 B.C. In the 1600's an eastern Siouan tribe inhabited the region. Indian relics, arrowheads and artifacts found throughout the County remind us of the original settlers.

Since the County's early beginnings, its citizens have served as gallant soldiers in every war the U.S. has known. Notable Confederate General Jubal A. Early was born in the Red Valley community. He went to West Point for his education, represented Franklin County in the General Assembly, and served as commonwealth's attorney for many years. Another nationally known native son was Booker T. Washington, a black educator. Born a slave on a plantation near Hales Ford, Booker T. Washington founded the Tuskegee Institute in 1881. His birthplace is a national monument.

Agriculture has figured prominently in Franklin County's 200-year history, and was the occupation of most county residents until recent times. Tobacco was a leading crop in early Franklin County. Locally mined iron and copper were transported over the Carolina Road as far south as Georgia. The furnace of the Washington Ironworks, the County's oldest landmark, stands as a monument where munitions for the Revolutionary Army were manufactured. A growing animal husbandry industry established Franklin County as one of Virginia's leading dairy producers.

The late nineteenth century saw increasing industrialization. With the entry of the Norfolk and Western railroad in 1892, the Punkin Vine route through the County provided new access for industry. Tobacco factories as well as diversified wood and textile-based industries became significant components of the County's economy.

The development of 2,880 acre Philpott Lake in 1953 and 20,600 acre Smith Mountain lake in 1966 gave rise to Franklin County's current designation as the "Land Between the Lakes and the Blue Ridge Mountain." It is an apt description for a remarkable place — a land of compelling natural beauty, economic stability, recreational abundance, and rich heritage!

Franklin County Officials June 30, 2007

Board of Supervisors

Wayne Angell, Chairman, Blackwater District
Charles Wagner, Vice-Chairman, Rocky Mount District
Russell Johnson, Gills Creek District
Leland Mitchell, Snow Creek District
David Hurt, Boones Mill District
Hubert Quinn, Blue Ridge District
Charles Poindexter, Union Hall District

County Administration

Richard E. Huff, II, County Administrator

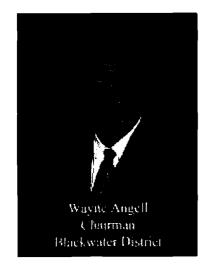
County Attorney	B. James Jefferson
Assistant County Administrator	
Assistant County Administrator	
Director of Finance	
Director of Commerce & Leisure Services	Scott Martin
Director of Information Technology	Sandie Terry
Acting Director of Planning	
Director of Public Safety	
Director of General Properties	Michael Thurman
Director of Solid Waste	Barry Sink
Director of Aging Services	Rose Boyd
Director of Library Services	
Director of Workforce Consortium	
Director of Family Resource Center	Cynthia Treadway
Director of Utilities	David Vogelsong
Acting Director of Social Services	
Chief Building Official	B. Donald Beard
Unit Coordinator of Va. Cooperative Extension	
Registrar	Kay Chitwood

Constitutional Officers

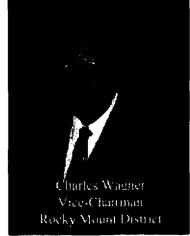
Clerk of the Circuit Court	Alice Hall
Commissioner of the Revenue	Margaret Torrence
Commonwealth Attorney	Cliff Hapgood
Sheriff	
Treasurer	

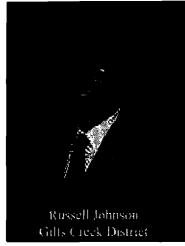
Franklin County Board of Supervisors

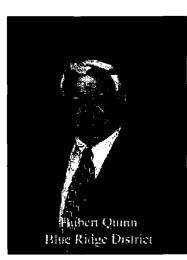
June 30, 2007

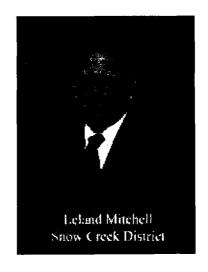






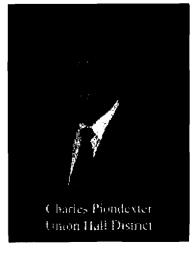












Franklin County Public Schools

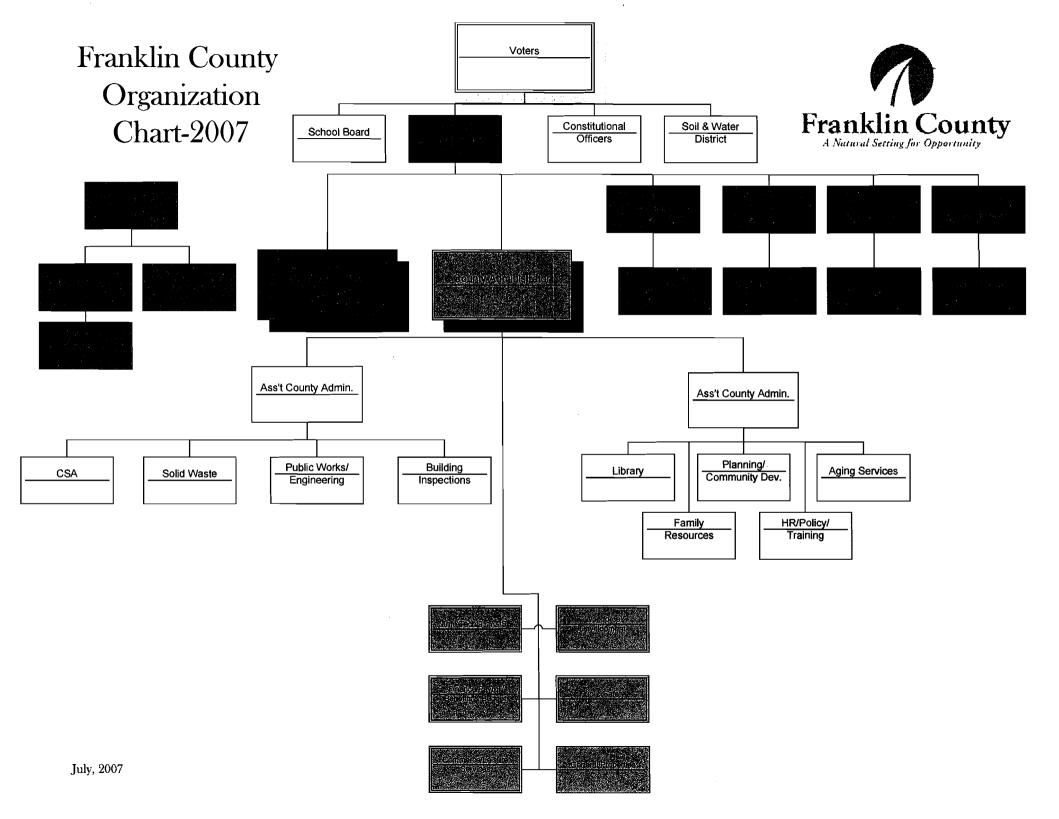
Principal Officials June 30, 2007

School Board Members

P. D. Hambrick, Chairman, Union Hall District Evelyn Cundiff, Vice Chair, Gills Creek District Stephen E. Brubaker, Blackwater District Carl W. Dudley, Blue Ridge District Marilyn R. Starkey, Boone District William O. Helms, Member-At-Large Stephen D. Flora, Rocky Mount District G. B. Washburn, Jr., Snow Creek District

School Administration

Dr. Charles H. Lackey, Superintende	nt of Schools
Assistant Superintendent	TBA
Director of Human Resources	Phillip L. Poff
Director of Business & Finance	
Director of K-5 Curriculum & Instruction	Suzanne M. Rogers
Director of 6-12 Curriculum & Instruction	
Coordinator of Federal Programs	E. Kay Edmondson
Coordinator of Testing	
Director of Special Programs & Services	
Coordinator of Special Education Services	Dr. W. Worth Bradley
Elementary Coordinator for Sp. Ed	Sherry Whitaker
Director of Technology Services K-12	George F. Washington
Coordinator of Gateway	Robin Whitmer
Coordinator of Public Relations & Volunteer	Janet J. Stockton
Supervisor of Food Services	Chuck L. Hutto
Director of Facilities & Transportation	Steven C. Oakes
Supervisor of Transportation	Donna C. Carter
Supervisor of Maintenance	Darryl K. Spencer
Coordinator of Purchasing	David M. Leffue



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Franklin Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

WITCH STATES OF THE STATES OF

President

e S. Cox

Executive Director

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF FRANKLIN, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the County of Franklin, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the County of Franklin, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the County of Franklin, Virginia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary funds of the County of Franklin, Virginia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2008, on our consideration of the County of Franklin, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Franklin, Virginia's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the County of Franklin, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Christiansburg, Virginia January 30, 2008

Management's Discussion and Analysis

As management of the County of Franklin, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and with the County's financial statements, which follow this section.

Financial Highlights for Fiscal Year 2007

- Total net assets for governmental activities were \$49.4 million at the end of FY 2007. This figure is based on assets totaling \$88.5 million and liabilities of \$39.1 million. The liabilities amount includes a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets does not include the school properties (Exhibit 1).
- During the year, the County's taxes and other revenues for governmental programs were \$3.8 million more than the \$63.7 million of expenses (Exhibit 2).
- The business-type activities total net assets at June 30, 2007 totaled \$3.6 million. This figure is based on total assets of \$6.0 million and liabilities of \$2.3 million. The liabilities amount includes a non-current component of long-term debt associated with the acquisition of assets for the County's water system.
- Total general fund revenues exceeded the final budgeted amount by \$0.7 million or approximately 1.0 percent. Actual expenditures were \$10.2 million less than the final expenditure budget.
- The County's total outstanding debt at fiscal year end increased by a net amount of \$ 5.5 million.
 \$6.6 million in General Obligation Bonds were issued during the year for the Windy Gap Elementary School.
 Retirements totaled \$2.7 million.
- Component Unit net assets were \$20.8 million at the end of FY2007. Of this amount, \$18.9 million is invested in capital assets, net of related debt.
- At the end of the current fiscal year, undesignated fund balance for the general fund was approximately \$21.4 million or 18.9% of fiscal year 2007 general, special revenue and component unit fund revenues.
 The Board of Supervisors has adopted a policy to keep the undesignated general fund balance at a minimum of 10% of general, special revenue and component unit fund revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Franklin's basic financial statements which comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, solid waste and community development. The County does not have any business-type activities.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Franklin County School Board known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or difference) between them.

<u>Proprietary funds</u> – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Assets and Statement of Activities. The County's enterprise fund, one type of proprietary fund, is the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's enterprise fund is the Utility Fund.

<u>Fiduciary funds</u> – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

<u>Notes to the basic financial statements.</u> The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

Summary of Net Assets:

The following table reflects the condensed Statement of Net Assets as presented in the government-wide

financial statements (in millions):

		nmental vities	Business-type Activities			Primary nment	Component Unit		
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	
Current and other assets	\$41.4	\$38.8	\$2.0	\$1.8	\$43.4	\$40.6	\$3.8	\$4.0	
Capital assets, net	47.1	40.2	4.0	4.0	51.1	44.2	18.9	16.6	
Total assets	88.5	79.0	6.0	5.8	94.5	84.8	22.7	20.6	
Other liabilities	5.0	3.4	0.2	0.2	5.2	3.6	1.2	2.9	
Long-term liabilities	34.1	29.7	2.1	2.3	36.2	32.0	0.7	0.8	
Total liabilities	39.1	33.1	2.3	2.5	41.4	35.6	1.9	3.7	
Net assets: Invested in capital assets,									
net of related debt	13.7	13.5	1.7	1.5	15.4	15.0	19.0	16.6	
Restricted	6.9	0.1	0.0	0.0	6.9	0.2	0.0	0.0	
Unrestricted	28.8	32.3	1.9	1.8	30.7	34.0	1.8	0.3	
Total net assets	\$49.4	\$45.9	\$3.6	\$3.3	\$53.0	\$49.2	\$20.8	\$16.9	

The County's combined net assets increased from \$49.2 million to \$53.0 million as a result of the increase in net activities of governmental activities of \$3.8 million. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County totaled \$28.8 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. E911 funds are restricted so that they can be used for the E911 purposes.

Business-type net assets increased from \$3.3 million to \$3.6 million as a result of additional investment in utility infrastructure and a slight decrease in long term debt.

Component unit net assets increased slightly as the result of lower than budgeted expenses and investment in school infrastructure.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2007 (in millions):

		nmental vities	Business-type Activities		Total Primary Government		Component Unit	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues:								
Program revenues:								
Charges for Services	\$2.9	\$2.6	\$0.2	\$0.3	\$3.1	\$2.9	\$1.9	\$1.8
Operating Grants & Contributions	12.0	10.4	0.0	0.0	12.0	10.4	45.1	40.1
Capital Grants & Contributions	0.9	0.4	0.2	0.4	1.0	8.0	0.2	0.2
General Revenues								
Property Taxes	32.8	30.9	0.0	0.0	32.8	30.9	0.0	0.0
Other Taxes	11.0	10.8	0.0	0.0	10.8	10.8	0.0	0.0
Other	8.2	6.0	0.0	0.0	7.9	6.0	0.1	0.7
Payments from the County	0.0	0.0	0.1	0.0	0.1	0.0	28.4	24.0
Total Revenues	67.8	61.1	0.5	0.7	67.7	61.8	75.6	66.8
Expenses								
General Government	4.2	3.5	0.0	0.0	4.2	3.5	0.0	0.0
Judicial Administration	2.2	3.3	0.0	0.0	2.2	3.3	0.0	0.0
Public Safety	10.3	8.5	0.0	0.0	10.3	8.5	0.0	0.0
Public Works	2.0	1.0	0.0	0.0	2.0	1.0	0.0	0.0
Health and Welfare	9.7	8.1	0.0	0.0	9.7	8.1	0.0	0.0
Education	28.3	24.1	0.0	0.0	28.3	24.1	71.8	66.3
Parks, Recreation and Cultural	1.7	1.3	0.0	0.0	1.7	1.3	0.0	0.0
Community Development	3.9	1.9	0.0	0.0	3.9	1.9	0.0	0.0
Interest on Long-Term Debt	1.4	1.3	0.0	0.0	1.4	1.3	0.0	0.0
Water	0.0	0.0	0.6	0.4	0.6	0.4	0.0	0.0
Total Expenses	63.7	52.8	0.6	0.4	64.3	53.2	71.8	66.3
Excess or Deficiency Before Transfers	4.10	8.3	(0.1)	0.4	3.4	8.7	3.8	0.5
Transfers	(0.3)	(0.6)	0.3	0.6	0.1	0.0	0.0	0.0
Change in Net Assets	3.8	7.7	0.2	1.0	4.0	8.7	3.8	0.5
Net Assets, Beginning of Year	45.6	38.2	3.4	2.3	49.2	40.5	16.9	16.4
Net Assets, Ending	\$49.4	\$45.9	\$3.6	\$3.3	\$53.2	\$49.2	\$20.8	\$16.9

Revenues

For the fiscal year ended June 30, 2007, revenues from governmental activities totaled \$67.8 million, an increase of \$6.7 million from the prior fiscal year. Property tax revenues, the County's largest revenue source, were \$32.8 million, an increase of \$1.9 million over the prior fiscal year. This increase resulted from growth of new housing developments within the County.

Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$11.0 million, which represented a change of .2 million over FY2006. Intergovernmental revenues totaled \$18.1 million, an increase of \$3.8 million over the prior fiscal year. The increase is due to special one time grants received towards the construction of the workforce center.

Business-type revenues consist of charges to customers for water consumption.

Component unit revenues total \$75.6 million, including a \$28.4 million transfer from the general fund. Increased revenues are due to growth in student population, resulting in additional State revenues and local transfers.

Expenses

For the fiscal year ended June 30, 2007, expenses for governmental activities totaled \$63.7 million. Included in the expenses are increases in employee compensation, transfers for educational expenses to the School Board, and interest on long-term debt.

Business-type activities account for the expenses of the County's water system and primarily include water purchased from a neighboring jurisdiction.

Education is a very high priority in the Franklin County community; consequently the Board of Supervisors contributed \$28.4 million to the operation of the Franklin County schools. This amount represented about 44% of the County's general fund expenses.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2007, the governmental funds reflect a combined fund balance of \$38.8 million, an increase of \$3.5 million from the fiscal year ended June 30, 2006. This increase is due to stronger than expected general fund revenues.

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General Fund Budgetary Highlights

The County's budget is prepared in accordance with the Code of Virginia. During the year, the County amended the original budget primarily for the following purposes:

- To reappropriate grants and other revenues authorized in the prior fiscal year but not expended as of June 30, 2006.
- To re-appropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2006 but not paid by that date.
- To appropriate grants and other revenues received in the current fiscal year.

The following table presents revenues and expenditures for the General Fund only for FY 2007 (in millions):

		Original Budget		Amended Budget		Actual
Revenues:		_		_		
Taxes	\$	31.6	\$	31.6	\$	32.7
Intergovernmental		14.2		204		18.1
Other		13.4		14.9		16.8
Total	\$]	59.2	\$	66.9	\$	67.6
Expenditures and Transfers:						
Expenditures	\$	60.4	\$	80.0	\$	69.8
Transfers Out		0.6		1.1		0.6
Total	=	61.0		81.1		70.4
Net Change in Fund Balance	-	(1.8)	•	(14.1)	_	(2.7)
Fund Balances – Beginning		1.8		14.1		34.8
Fund Balances – Ending	\$	0.0	\$	0.0	\$	32.1

A discussion of the budgetary variances between the original budget and the final budget and of the variance between the final budget and the actual results follows.

The most significant increase in comparing original budget to final budget in the revenues is found in the budget for intergovernmental revenue and the "Other" category. Several grants were budgeted at the beginning of the fiscal year in the general fund but later moved to other funds to properly reflect the expenditure of those funds. Budgetary adjustments were made in the "Other" category to account for miscellaneous amounts received but not anticipated at budget preparation time.

There is significant increase in the final budget for expenditures over the original budget primarily due to budgeted capital expenditures not being spent during the fiscal year. These expenditures will be incurred and recognized in future years.

Actual revenues were greater than anticipated due to population growth as well as a stronger than expected economy. As interest rates have risen in the past several years, the County has received an increased amount of investment income.

Actual expenditures were less than the final amended budget because of capital projects being budgeted but not spent during the 2006-2007 fiscal year. It's the County's policy for unspent appropriated capital project budgets to carry forward into the next fiscal year so that the project may continue and be completed. In some cases, expenditures on a particular capital project may span three or four or more fiscal years.

Capital Assets

The following table displays the County and Schools (Component Unit) capital assets at June 30, 2007, in millions of dollars:

	Governmental Activities		Business-type Activities			rimary nment	Component Unit		
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	
Non-Depreciable Assets:									
Land	\$2.0	\$2.0	\$0.0	\$0.0	\$2.0	\$2.0	\$0.7	\$0.7	
Construction in Progress	6.6	1.9	0.0	0.0	6.6	1.9	0.9	0.5	
Other Capital Assets:									
Buildings and Systems	41.5	41.1	4.2	4.1	45.7	45.2	29.0	26.2	
Machinery and Equipment	16.0	15.3	0.0	0.0	16.0	15.3	10.9	10.3	
Accumulated Depreciation	(19.0)	(18.1)	(0.2)	(0.1)	(19.2)	(18.2)	(22.6)	(21.2)	
Totals	\$47.1	\$42.2	4.0	\$4.0	\$51.1	\$46.2	\$18.9	\$16.2	

The table below shows the change in capital assets for the fiscal year ended June 30, 2007 in millions of dollars:

	Balance June 30, 2006	Net Additions/Deletions	Balance June 30, 2007
Non-Depreciable Assets:			
Land	\$2.7	\$0.0	\$2.7
Construction in Progress	2.4	5.1	7.5
Other Capital Assets:			
Buildings and Systems	71.5	3.2	74.7
Machinery and Equipment	25.6	1.3	26.9
Accumulated Depreciation	(39.4)	(2.4)	(41.8)
Totals	\$62.8	\$7.2	\$70.0

During the FY07 budget process, the Board of Supervisors approved a five-year Capital Improvement Program (CIP) that totaled \$4.8 million for all funds. Various projects have been funded in the plan and include software and hardware upgrades for the information technology department, office space rehab at \$1 million, trail, park and field development for the parks and recreation department and \$1.2 million for various school projects. Smaller projects make up the balance of the funding and include such items as a new parking lot, fire/rescue apparatus replacement and Landfill engineering and development.

Additional detailed capital asset information can be found in Note 12 in the "Notes to Financial Statements" section of the report.

Long Term Debt

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2007, in millions of dollars:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
General Obligation Bonds	\$26.3	\$20.8	\$0.0	\$0.0	\$26.3	\$20.8	\$0.0	\$0.0
Revenue Bonds	0.0	0.0	2.3	2.4	2.3	2.4	0.0	0.0
Literary Loans	6.7	7.4	0.0	0.0	6.7	7.4	0.0	0.0
Capital Leases	0.3	0.5	0.0	0.0	0.3	0.5	0.0	0.0
Landfill Closure/Post								
Closure Liability	2.0	1.9	0.0	0.0	2.0	1.9	0.0	0.0
Compensated Absences	1.4	1.2	0.0	0.0	1.4	1.2	0.8	0.8
Total	\$36.7	\$31.8	\$2.3	\$2.4	\$39.0	\$34.2	\$0.8	\$0.8

Additional detailed information on long-term debt activity can be found in Note 8 in the "Notes to Financial Statements" section of the report.

The Franklin County Board of Supervisors adopted the following debt policy on October 10, 1994:

- Financing should be considered for County assets that are designed to serve the citizens for a period
 of time in excess of five years with debt issued for a similar period and designed to spread the cost of
 the asset to all users, both current and future, unless a more feasible alternative exists(grants, gifts,
 etc.); and
- 2. Debt issued for the purpose of financing water and sewer projects or other enterprise fund projects will primarily be supported by revenues generated by those projects; and
- 3. County debt as a percentage of assessments will not exceed 3.5%; and
- 4. The County's debt service as a percentage of general government expenditures will not exceed 10%; and
- 5. The County's debt per capita will not exceed \$1,500 per capita; and
- 6. Capital leases of longer than three (3) years duration will be included as debt for the purpose of computing the ratios expressed herein.

Franklin County maintains bond ratings of Double A Three from Moody's Investor's Services and A Plus from Standard & Poor's.

Economic Factors and Future Budgets

Recent trends in revenues from the Commonwealth indicate that an improving economy has helped to reverse the revenue shortfall experienced by Virginia in 2002 and 2003. Franklin County's population growth continues to be one of the fastest in the State of Virginia.

Factors that are expected to impact future budgets include:

- Projected increases in health insurance premiums and retirement contribution rates assessed by the Virginia Retirement System.
- Funding for the Capital Improvement Plan including a new Elementary School tentatively scheduled to begin construction in the spring of 2008.
- Uncertainty regarding the local and national economy especially including new housing starts.
- Future State funding for local Constitutional Officers and the School division.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 70 East Court Street, Suite 301, Rocky Mount, Virginia 24151, telephone (540) 483-3030. The County's website address is www.franklincountyva.org.

County of Franklin, Virginia Statement of Net Assets June 30, 2007

	Primary Government							Component	
		Governmental		Business-type				Únit	
		<u>Activities</u>		<u>Activities</u>		<u>Total</u>		School Board	
ASSETS									
Cash and cash equivalents	\$	27,904,009	\$	1,457,374	\$	29,361,383	\$	-	
Cash in custody of others	•	8,417,431	•	457,153	•	8,874,584	•	1,122,311	
Receivables (net of allowance for uncollectibles):		_,,		,		0,211,201		1,122,011	
Taxes receivable		1,366,244		-		1,366,244		_	
Accounts receivable				16,064		16,064		-	
Other local taxes receivable		658,034		-		658,034		-	
Due from component unit		579,041		-		579,041		-	
Due from other governmental units		2,503,431		-		2,503,431		2,563,629	
Restricted assets:									
Other assets:									
Unamortized bond issue costs				27,533		27,533		-	
Capital assets (net of accumulated depreciation):									
Land		1,991,172		-		1,991,172		725,315	
Buildings and system		32,153,849		-		32,153,849		13,188,798	
Machinery and equipment		6,368,508		-		6,368,508		4,191,382	
Infrastructure		-		4,010,384		4,010,384		-	
Construction in progress		6,575,046		-		6,575,046		866,034	
Total assets	\$	88,516,765	\$	5,968,508	\$	94,485,273	\$	22,657,469	
LIABILITIES									
Accounts payable	\$	1,317,223	\$	2,385	\$	1,319,608	\$	530,611	
Customers' deposits				7,746		7,746		•	
Accrued interest payable		987,702		31,695		1,019,397		-	
Due to primary government		-		-		-		579,041	
Unearned revenue		154,649		-		154,649		-	
Amount held for others		4,000		-		4,000		-	
Long-term liabilities:									
Due within one year		2,728,644		150,000		2,878,644		76,288	
Due in more than one year		33,931,997		2,135,700		36,067,697		686,592	
Total liabilities	\$	39,124,215	\$	2,327,526	\$	41,451,741	\$	1,872,532	
NET ASSETS									
Invested in capital assets, net of related debt	\$	13,726,563	\$	1,724,684	\$	15,451,247	\$	18,971,529	
Restricted for:	-	,-			•	• •			
Law Library		10,860		-		10,860		-	
Forfeited Assets		210,273		-		210,273		-	
Capital projects		6,601,058		-		6,601,058		-	
Unrestricted (deficit)		28,843,796		1,916,298		30,760,094		1,813,408	
Total net assets	. \$	49,392,550	\$	3,640,982	\$	53,033,532	\$	20,784,937	

County of Franklin, Virginia Statement of Activities For the Year Ended June 30, 2007

			Program Reve	nues					e) Revenue and n Net Assets	
	•	_	Operating		Capital			Primary Government		Component Unit
		Charges for	Grants an	d	Grants and	G	overnmental	Business-type		
Functions/Programs	<u>Expenses</u>	<u>Services</u>	<u>Contributio</u>	ns :	Contributions		<u>Activities</u>	<u>Activities</u>	<u>Total</u>	School Board
PRIMARY GOVERNMENT: Governmental activities:										
General government administration	\$ 4,157,343	\$ 45,684	\$ 587	425 \$	_	\$	(3,524,234)	\$ -	\$ (3,524,234	٠ .
Judicial administration	2,160,555	200,374	814,		_	Ψ	(1,145,364)	.	(1,145,364	
Public safety	10,347,921	1,317,116	3,825,		_		(5,205,586)	_	(5,205,586	
Public works	1,982,292	947,685		300			(1,025,307)		(1,025,307	
Health and welfare	9,732,455	25,398	6,728,		_		(2,978,287)	_	(2,978,287	
Education	28,332,013	20,000	0,120,	-	_		(28,332,013)	_	(28,332,013	•
Parks, recreation, and cultural	1,656,664	85,315		-	133.648		(1,437,701)	-	(1,437,701	
Community development	3,873,631	286,174		_	720,620		(2,866,837)	-	(2,866,837	
Interest on long-term debt	1,435,334	200,114			120,020		(1,435,334)	-	(1,435,334	
Total government activities	\$ 63,678,208	\$ 2,907,746	\$ 11,965,	531 \$	854,268	\$	(47,950,663)		\$ (47,950,663	
·		2,001,110	<u> </u>	<u> </u>		-	_(11,000,000,00		(11,000,000	<u>/</u> —————
Business-type activities:										
Utility Fund	\$ 581,355 \$ 64,259,563			<u>\$</u>		_\$		\$ (294,130)		
Total primary government	\$ 64,259,563	\$ 3,0 <u>53,</u> 210	\$11,965,	531 \$	996,029	\$	(47,950,663)	\$ (294,130)	\$ (48,244,793)_\$
COMPONENT UNITS:										
School Board	\$ 71,765,409 \$ 71,765,409		\$ 45,051,	447 \$		\$	-		\$	\$ (24 <u>,6</u> 59,939)
Total component units	\$ 71,765,409	\$ 1,864,191	\$ 45,051,	447 \$	189,832	\$		\$ -	\$	\$ (24,659,939)
			<u> </u>							
	General revenues:									
	General property tax	es				\$	32,824,967	\$ -	\$ 32,824,967	-
	Other local taxes:									
	Local sales and us						4,242,805	-	4,242,805	
	Consumers' utility t						1,715,239	-	1,715,239	
	Communications ta						1,092,401	=	1,092,401	
	E-911 telephone ta						508,746	-	508,746	
	Cable TV franchise						216,286	-	216,286	
	Business license ta						4,998	-	4,998	
	Utility license taxes						129,854	-	129,854	
	Motor vehicle licen	ses					1,279,225	-	1,279,225	
	Bank stock taxes						105,091	•	105,091	
	Taxes on recordati						842,747	-	842,747	
	Hotel and motel ro						109,353		109,353	
	Restaurant food ta						814,071		814,071	
	Unrestricted revenu	es from use of mon	ey and property	1			2,532,079	21,332	2,553,411	
	Miscellaneous						371,305	407.000	371,305	
	Payments from Cou	•					-	137,663	137,663	
	Grants and contribu	tions not restricted	to specific prog	ra m s			5,336,335	- 047.070	5,336,335	•
	Transfers						(347,878)	347,878	A 50.004.403	
	Total general reveni					\$	51,777,624			
	Change in net assets					\$	3,826,961			
	Net assets - beginnin	y - as agjusted				•	45,565,589	3,428,239	48,993,828	
	Net assets - ending					\$	49,392,550	\$ 3,640,982	\$ 53,033,532	\$ 20,784,937

County of Franklin, Virginia Balance Sheet Governmental Funds June 30, 2007

		<u>General</u>	School Construction		Other Governmental <u>Funds</u>		<u>Total</u>
ASSETS							
Cash and cash equivalents	\$	27,872,973	6,601,058	\$	31,036	\$	34,505,067
Cash in custody of others		1,816,373	-		-		1,816,373
Receivables (net of allowance							
for uncollectibles):							
Taxes receivable		1,366,244	-		-		1,366,244
Other local taxes receivable		658,034	-		-		658,034
Due from component unit		579,041	-		-		579,041
Due from other governmental units		2,503,431	 		- 04 000		2,503,431
Total assets	<u>\$</u>	34,796,096	\$ 6,601,058	\$	31,036	\$	41,428,190
LIABILITIES AND FUND BALANCES Liabilities: Accounts payable	\$	1,317,223		\$	_	\$	1,317,223
Deferred revenue	Ψ	1,345,241		Ψ	_	Ψ	1,345,241
Amounts held for others		4,000			-		4,000
Total liabilities	\$	2,666,464	\$ -	\$		\$	2,666,464
Fund balances:							
Reserved for:							
Law Library	\$	10,860	\$ -	\$	-	\$	10,860
Forfeited Assets		210,273	-		-		210,273
Capital projects		-	6,601,058		-		6,601,058
Unreserved:							
Undesignated, reported in:							
General fund		21,389,482	-		31,036		21,420,518
Designated, reported in:							
General fund		10,519,017					10,519,017
Total fund balances	\$	32,129,632	\$ 6,601,058	\$		\$	38,761,726
Total liabilities and fund balances	\$	34,796,096	\$ 6,601,058	\$	31,036	\$	41,428,190

County of Franklin, Virginia Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets June 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:	
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 38,761,726
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	47,088,575
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,190,592
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(37,648,343)
Net assets of governmental activities	\$ 49,392,550

County of Franklin, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2007

		<u>General</u>		School Construction	Other Governmental <u>Funds</u>		<u>Total</u>
REVENUES	_				•	•	
General property taxes	\$	32,707,564	\$	-	\$ -	\$	32,707,564
Other local taxes		10,552,070		-	508,746		11,060,816
Permits, privilege fees,							
and regulatory licenses		691,500		-	-		691,500
Fines and forfeitures		16,378		-	-		16,378
Revenue from the use of							
money and property		2,301,058		231,021	-		2,532,079
Charges for services		2,199,868		-	-		2,199,868
Miscellaneous		371,305		187,343	-		558,648
Recovered costs		731,213		-	-		731,213
Intergovernmental revenues:							
Commonwealth		14,654,174		-	68,979		14,723,153
Federal		3,432,981		-	-		3,432,981
Total revenues	\$	67,658,111	\$	418,364	\$ 577,725	\$	68,654,200
EXPENDITURES Current:							
General government administration	\$	3,939,015	\$	-	\$ -	\$	3,939,015
Judicial administration	•	2,214,118		-	-	•	2,214,118
Public safety		10,245,737		_	879,577		11,125,314
Public works		3,763,333		_	-		3,763,333
Health and welfare		9,685,059		_	-		9,685,059
Education		25,640,822		_	_		25,640,822
Parks, recreation, and cultural		2,300,706		_	_		2,300,706
Community development		8,510,072		_	_		8,510,072
Nondepartmental		40,097		_	-		40,097
Capital projects		131,011		390,906	-		521,917
Debt service:		,		390,900	-		·
Principal retirement		2,076,767		-	-		2,076,767
Interest and other fiscal charges		1,232,658		-	-		1,232,658
Total expenditures		69,779,395	\$	390,906	\$ 879,577	\$_	71,049,878
Excess (deficiency) of revenues over							
(under) expenditures		(2,121,284)	\$	27,458	\$ (301,852)	\$_	(2,395,678)
OTHER FINANCING SOURCES (USES)							
Transfers in	\$	425,000	\$	-	\$ 669,447	\$	1,094,447
Transfers out		(1,017,325)		-	(425,000)		(1,442,325)
Issuance of debt				6,573,600	_		6,573,600
Total other financing sources (uses)	\$	(592,325)	\$	6,573,600	\$ 244,447	\$	6,225,722
Net change in fund balances	\$	(2,713,609)	\$	6,601,058	\$ (57,405)	\$	3,830,044
Fund balances - beginning	*	34,843,241	7	-,50.,000	88,441	*	34,931,682
Fund balances - ending	\$	32,129,632	\$	6,601,058	\$ 31,036	\$	38,761,726
. and addition offering	<u> </u>	32,120,002	Ψ_	3,301,000	+ 01,000	Ψ	30,101,120

County of Franklin, Virginia Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities

For the Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 3,830,044
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded	
depreciation in the current period.	4,936,449
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	117,403
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect	
of these differences in the treatment of long-term debt and related items.	(4,729,685)
Some expenses reported in the statement of activities do not require the use of current	(007.075)
financial resources and, therefore are not reported as expenditures in governmental funds.	(327,250)
Change in net assets of governmental activities	\$ 3,826,961

County of Franklin, Virginia Statement of Net Assets Proprietary Funds June 30, 2007

June 30, 2007		Enterprise Fund
		Utility
		Fund
		<u>r unu</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	1,457,374
Cash in custody of others		457,153
Accounts receivables, net of allowances for uncollectibles		16,064
Total current assets	\$	1,930,591
Noncurrent assets:		
Restricted current assets:		
Other assets:		
Unamortized bond issue costs	\$	27,533
Capital assets:		· · · · ·
Infrastructure	\$	4,245,921
Less accumulated depreciation	•	(235,537)
Total capital assets	\$	4,010,384
Total noncurrent assets		4,037,917
Total assets	\$	5,968,508
LIABILITIES		
Current liabilities:		
Accounts payable	\$	2,385
Customers' deposits	•	7,746
Accrued interest payable		31,695
Bonds payable - current portion		150,000
Total current liabilities	\$	191,826
Long Term Liabilities:		
Bonds payable - net of current portion		2,135,700
Total long-term liabilities	\$	2,135,700
Total liabilities	\$	2,327,526
NET ASSETS		
Invested in capital assets, net of related debt	\$	1,724,684
Unrestricted (deficit)	Ψ	1,916,298
Total net assets	\$	3,640,982
i stai not accoto	<u>Ψ</u> _	0,070,002

County of Franklin, Virginia Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Year Ended June 30, 2007

For the Year Ended Julie 30, 20		nterprise Fund Utility Fund
OPERATING REVENUES		
Charges for services:		
Water and sewer revenue	\$	140,913
Other revenues	Ψ	4,551
Total operating revenues		145,464
	<u> </u>	· -
OPERATING EXPENSES		
Commerce center	\$	9,073
Water and sewer planning		8,271
County water department		76,980
Forest hills water project		41,510
Utility service reserve		14,715
Phase I water project		82,172
lake watch developer		7,884
Depreciation		104,252
Total operating expenses	\$	344,857
Operating income (loss)	\$	(199,393)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	\$	21,332
Issuance cost amortization		(2,295)
Interest expense		(96,540)
Total nonoperating revenues (expenses)	\$	(77,503)
Income before contributions and transfers	\$	(276,896)
Capital contributions and construction grants		141,761
Transfers in		347,878
Change in net assets	\$	212,743
Total net assets - beginning		3,428,239
Total net assets - ending	-\$	3,640,982

County of Franklin, Virginia Statement of Cash Flows Proprietary Fund

<u> </u>	Ē	nterprise Fund
		Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$	142,586
Payments for materials and supplies		(238,220)
Net cash provided (used by) operating activities		(95,634)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$	347,878
Net cash provided (used) by noncapital financing	_ _	
activities		347,878
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
ACTIVITIES		
Additions to utility plant	\$	(137,663)
Principal payments on bond obligations		(143,900)
Contributions in aid of construction	,	<u>141,761</u>
Net cash provided (used) by capital and related		
financing activities	_\$	(139,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		
Interest expense	\$	(98,078)
Interest and dividends received		21,332
Net cash provided (used) by investing activities	\$	(76,746)
Net increase (decrease) in cash and cash equivalents		35,696
Cash and cash equivalents - beginning - including restricted	\$	1,878,831
Cash and cash equivalents - ending - including restricted	\$	1,914,527
Reconciliation of operating income (loss) to net cash		
provided by operating activities:		
Operating income (loss)	\$	(199,393)
Adjustments to reconcile operating income to net cash		
provided (used) by operating activities:		
Depreciation expense	\$	104,252
(Increase) decrease in accounts receivable		(8,475)
Increase (decrease) in customer deposits		5,597
Increase (decrease) in accounts payable		2,385
Total adjustments	\$	103,759
Net cash provided (used) by operating activities	\$	(95,634)

County of Franklin, Virginia Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2007

	Agency <u>Funds</u>				
ASSETS Cash and cash equivalents	\$	122,796			
Cash in custody of others	Ψ	94,982			
Total assets	\$	217,778			
LIABILITIES					
Amounts held for social services clients	\$	54,535			
Amounts held for citizens		15,924			
Amounts held for inmates		94,982			
Total liabilities	<u>\$</u>	217, 77 8			

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2007

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The County of Franklin, Virginia (government) is a municipal corporation governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Franklin County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

Related Organizations - None

Jointly Governed Organizations - The County and the Counties of Botetourt and Craig and the Cities of Roanoke and Salem participate in supporting the Roanoke Valley Regional Board, an educational partnership. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2007, the Franklin County School Board contributed \$626,034. Other organizations to which the County makes appointments and contributions are listed below:

Roanoke Valley Economic Development Partnership	\$ 86,450
Roanoke Valley Convention and Visitors Bureau	15,000
Piedmont Community Services	55,115
Roanoke Valley Detention Commission	300,058

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds, which are a type of fiduciary fund do not have a measurement focus and therefore do not use the economic resource measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Virginia Public Assistance, Law Library, Victim Witness, Landfill Closure, Capital Outlay, Landfill Replacement, Industrial Access, Forfeited Assets, Corporate Drive, Recreation Facilities Improvements, Capital Improvements, Public Safety Capital Improvements, Library Endowment, West Franklin Industrial Access Road, Smith Mountain Lake Park State Grant, and Economic Development Set-aside Funds.

The County reports the following major proprietary fund:

During the fiscal year ended June 30, 2004, the County began constructing a water distribution system. The activity of this system is accounted for in the Utility Fund.

The government reports the following non-major governmental funds:

Special Revenue Funds account for the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The E-911 Fund is reported as a non-major special revenue fund.

Capital Projects Fund account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The School Construction Fund is reported as a non-major capital projects fund.

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Road Escrow, Escrow for Soil and Erosion Control Agreement, and Irimate Trust and Canteen Account Funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between departments of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Assets, liabilities, and net assets or equity (continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$317,783 at June 30, 2007 and is composed solely of property taxes.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County had no infrastructure that was acquired prior to the implementation of SGAS 34.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

D. Assets, liabilities, and net assets or equity (continued)

6. Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- D. Assets, liabilities, and net assets or equity (continued)
 - 9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(37,648,343) and \$(762,880) differences for the primary government and discretely presented component unit, respectively, are as follows:

	_	Primary Government		Component Unit
Bonds payable	\$	(25,905,826)	\$	-
Literary loans payable		(6,771,500)		-
Leases payable		(326,557)		-
Premium on bond		(358,129)		-
Accrued interest payable		(987,702)		-
Landfill accrued closure and post-closure monitoring costs		(1,951,456)		-
Compensated absences	_	(1,347,173)	_	(762,880)
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	\$_	(37,648,343)	\$_	(762,880)

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$4,936,449 and \$2,382,236 differences for the primary government and discretely presented component unit, respectively, are as follows:

	_	Primary Government	_	Component Unit
Capital outlays	\$	6,946,378	\$	4,448,240
Deleted assets		(1,054,465)		(717,202)
Accumulated depreciation for assets removed		863,911		689,852
Depreciation expenses	-	(1,819,375)	_	(2,038,654)
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of				
governmental activities	\$_	4,936,449	\$_	2,382,236

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued):

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(4,729,685) difference in the primary government are as follows:

Debt Issued or incurred:	
Proceeds from general obligation bonds	\$ (6,573,600)
Proceeds from premium	(187,343)
Landfill closure/post-closure care liability	(54,997)
Principal repayments:	
General obligation debt	1,335,529
Literary loans	613,750
Leases	127,488
Bond premium	9,488
Net adjustment to increase net changes in fund balances-total governmental funds	
to arrive at changes in net assets of governmental activities	\$ (4,729,685)

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued):

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$(327,250) and \$20,489 differences for the primary government and discretely presented component unit, respectively, are as follows:

	_	Primary Government	_	Component Unit
(Increase) decrease in compensated absences (Increase) decrease in accrued interest	\$_	(115,085) (212,165)	\$	20,489
Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$_	(327,250)	\$_	20,489

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

- 1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

Note 3-Stewardship, Compliance, and Accountability: (Continued)

- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
- 8. Budget data presented in the accompanying financial statements is the revised budget as of June 30, and the original budget adopted by the Board of Supervisors.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.
- B. Excess of expenditures over appropriations

There was no over-expenditure of appropriations for fiscal year ended June 30, 2007.

C. Deficit fund equity

At June 30, 2007, there were no funds with deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

All cash of the County of Franklin, Virginia and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

<u>Investments</u>:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Note 4-Deposits and Investments: (Continued)

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. The County's only investments consisted of the State's Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC) and is not exposed to custodial credit risk.

Credit Risk of Debt Securities

At June 30, 2007, the County did not have any investments as all investments held in the prior year were closed.

Concentration of Credit Risk

At June 30, 2007, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

At June 30, 2007, the County did not have any investments meeting the GASB 40 definition requiring interest rate risk disclosures.

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 5-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

		Primary Government		Component Unit- School Board
Commonwealth of Virginia:				
Local sales tax	\$	760,032	\$	-
State sales tax		-		1,181,205
Non-categorical aid		297,709		-
Categorical aid-shared expenses		361,241		-
Categorical aid-VPA funds		114,559		-
Categorical aid-CSA funds		762,841		-
Other categorical aid		-		-
Federal Government:				
Categorical aid-VPA funds		196,508		-
Other categorical aid	_	10,541		1,382,424
Totals	\$_	2,503,431	\$	2,563,629

Note 6-Interfund/Component-Unit Obligations:

Fund		Due to Primary Government/ Component Unit		Due from Primary Government/ Component Unit
Primary Government: General Fund	\$=	_	\$_	579,041
Component Unit - School Board: School Fund	\$_	579,041	\$_	

Note 7-Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following:

Fund	Transfers In Transf			
Primary Government:				
General Fund	\$	425,000	\$	1,017,325
Utility Fund		347,878		-
E-911	_	669,447	-	425,000
Total	\$_	1,442,325	\$_	1,442,325

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 8-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending		General Ob	Obligation Bonds			Literary	Fund	Loans
June 30,	_	Principal		Interest	_	Principal		Interest
2008	\$	1,655,984	\$	1,239,325	\$	613,750	\$	203,145
2009		1,703,590		1,100,428		613,750		184,733
2010		1,749,470		1,015,486		613,750		166,320
2011		1,801,593		897,415		613,750		147,907
2012		1,843,803		838,080		613,750		129,495
2013-2017		8,429,516		2,904,976		3,068,750		371,288
2018-2022		6,539,284		1,138,300		634,000		26,520
2023-2027	_	2,182,586	_	233,923	_		_	
Totals	\$_	25,905,826	\$_	9,367,933	\$_	6,771,500	\$_	1,229,408

Note 8-Long-Term Debt: (Continued)

The County has entered into capital leases for financial system software, a trackloader and an articulated dump truck. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

Total assets acquired through capital leases are as follows:

Financial systems software	\$	319,425
Trackloader		234,332
Articulated dumptruck	_	272,235
	\$	825,992
Accumulated depreciation		(324,184)
	\$	501,808

Present value of future minimum lease payments:

Year Ending		Capital
June 30,		Leases
2008	\$	141,426
2009		82,017
2010		80,180
2011		48,567
Total minimum lease payments	\$ _	352,190
Less: amount representing interest		(25,633)
Present value of future minimum lease		
payments	\$_	326,557

Note 8-Long-Term Debt: (continued)

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2007.

		Balance						Balance
		July 1, 2006	_	Issuances		Retirements	_	June 30, 2007
General Obligation								
Bonds	\$	20,667,755	\$	6,573,600	\$	(1,335,529)	\$	25,905,826
Premium on bond		180,274		187,343		(9,488)		358,129
Literary loans		7,385,250		-		(613,750)		6,771,500
Capital leases		454,045		-		(127,488)		326,557
Landfill closure/								
postclosure liability		1,896,459		54,997		-		1,951,456
Compensated absences	_	1,232,088	_	726,604	_	(611,519)	-	1,347,173
Total	\$_	31,815,871	\$_	7,542,544	\$_	(2,697,774)	\$_	36,660,641

<u>Primary Government - Governmental Activity Indebtedness:</u>

Details of long-term indebtedness:

Details of long-term indebted	1000.		Final	Amount of	Balance	Amount
	Interest	Issue	Maturity	Original	Governmental	Due Within
	Rates	Date	Date	Issue	Activities	One Year
General Obligation Bonds:	- 10.00					
GO refunding bond	4.0-5.0%	3/29/1999	2015	\$ 4,765,000	\$ 3,515,000	\$ 370,000
GO bond	4.85-6.6%	8/1/1991	2012	1,319,970	400,450	74,931
VPSA GO bond	5.0-5.9%	11/16/2000	2020	6,285,526	4,617,224	291,644
GO bond	5.1-6.35%	5/18/2000	2021	3,400,000	2,380,000	170,000
GO Bond	4.1-5.6%	11/10/2004	2025	2,500,000	2,250,000	125,000
GO Bond	3.710%	7/13/2005	2021	6,500,000	6,169,552	344,048
VPSA GO bond	4.225-5.1%		2027	6,760,943	6,573,600	280,361
Total GO Bonds					\$ 25,905,826 (1)	\$ 1,655,984
Literary Loans:						
State Literary Fund Loan	3%	3/17/1997	2017	\$ 1,072,000	\$ 536,000	\$ 53,600
State Literary Fund Loan	3%	3/17/1997	2017	1,029,000	514,500	51,450
State Literary Fund Loan	3%	3/17/1997	2017	967,000	483,500	48,350
State Literary Fund Loan	3%	3/17/1997	2017	539,000	269,500	26,950
State Literary Fund Loan	3%	3/17/1997	2017	988,000	494,000	49,400
State Literary Fund Loan	3%	9/15/1997	2017	210,000	115,500	10,500
State Literary Fund Loan	3%	10/7/1997	2017	854,000	469,700	42,700
State Literary Fund Loan	3%	10/7/1997	2017	844,000	464,200	42,200
State Literary Fund Loan	3%	10/7/1997	2017	772,000	424,600	38,600
State Literary Fund Loan	3%	7/16/1998	2018	5,000,000	3,000,000	250,000
Total Literary Loans					\$ 6 <u>,</u> 771,500 (2)	\$ 613,750

Note 8-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities			D	Amount ue Within One Year
Lease Purchase Agreements:									
Capital Lease	2.75%	2/18/2004	2008	\$ 272,235	\$	56,031	(3)	\$	56,031
Capital Lease	3.40%	6/23/2005	2010	134,200		83,060			26,810
Capital Lease	3.92%	9/30/2005	2011	234,332		187,466	(3)		46,866
Total Lease Purchase Agreements					\$	326,557		\$	129,707
Other Obligations:									
Landfill Closure/Post-closure									
Monitoring Costs	n/a	n/a	n/a	n/a	\$	1,951,456		\$	175,631
Premium on \$2,500,000 GO bond	n/a	n/a	n/a	n/a		170,786			9,488
Premium on \$6,760,943 GO bond	n/a	n/a	n/a	n/a		187,343			9,367
Compensated Absences	n/a	n/a	n/a	n/a		1,347,173			134,717
Total Other Obligations					\$	3,656,758		\$	329,203
Total Long-term debt					\$	36,660,641	: <u>=</u>	\$:	2,728,644

⁽¹⁾ Bonds issued for construction of new and improvements to existing County buildings.

(2) Literary loans issued for construction of new and improvements to existing School buildings.

⁽³⁾ For the governmental activities, compensated absences are generally liquidated by the General and VPA funds. Landfill closure and postclosure monitoring costs are generally liquidated by the General Fund.

Note 8-Long-Term Debt: (continued)

<u>Primary Government – Business-type Activity Indebtedness:</u>

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending	 Revenue Bonds								
June 30,	Principal		Interest						
	_								
2008	\$ 150,000	\$	91,965						
2009	156,300		85,594						
2010	163,000		78,953						
2011	169,900		72,028						
2012	177,100		64,811						
2013-2017	1,005,100		204,587						
2018-2019	 464,300	_	19,517						
Totals	\$ 2,285,700	\$_	617,455						

The following is a summary of long-term debt transactions of the Utility Fund for the year ended June 30, 2007.

			Balance				
	 July_1, 2006	_	Issuances	_	Retirements	_	June 30, 2007
Revenue bonds	\$ 2,429,600	\$_		\$	(143,900)	\$	2,285,700

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Revenue Bond: Revenue bond	4.16%	9/30/2003	2018	\$ 2,700,000	\$ 2,285,700 (1)	\$ 150,000

(1) Issued for construction of water and sewer infrastructure.

COUNTY OF FR	RANKLIN, V	IRGINIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2007

Note 9-Long-Term Debt-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2007.

Balance								Balance
		July 1, 2006	Issuances		_	Retirements	-	June 30, 2007
Compensated absences	\$	783,369	\$_	328,500	\$_	(348,989)	\$	762,880

<u>Details of long-term indebtedness</u>:

	Total Amount		Amount Due Within One Year
Other Obligations:		_	
Compensated absences	\$ 762,880	\$_	76,288

For the governmental activities of the discretely presented component unit-School Board, compensated absences are generally liquidated by the School fund.

Notes to Financial Statements (Continued) June 30, 2007

Note 10-Employee Retirement System and Pension Plans:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with 30 years of service for participating employers (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assernbly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from the System's web site at http://www.varetire.org/Pdf/2006AnnuRept.pdf or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County's contribution rate (not including the 5% member contribution) for the fiscal year ended June 30, 2007 was 6.74% of annual covered payroll.

<u>Discretely Presented Component Unit - School Board (Non-Professional Employees):</u>

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's (non-professional employees) contribution rate (not including the 5% member contribution) for the fiscal year ended June 30, 2007 was 8.05% of annual covered payroll.

Note 10-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost

	Primary	Discretely Presented
	Government	Component Unit
		School Board
	County	Non-Professional
	Retirement Plan	Retirement Plan
Contribution rates for fiscal year ended 6/30/07:		
Employer	6.74%	8.05%
Plan members ¹	5.00%	5.00%
Annual pension cost	\$679,483	\$351,692
Contributions made	\$679,483	\$351,692
Actuarial valuation date	6/30/2006	6/30/2006
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent, Open	Level Percent, Open
Payroll growth rate	2.50%	2.50%
Remaining amortization period	20 Years	20 Years
Asset valuation method	Modified Market	Modified Market
Actuarial assumptions:		
Investment rate of return ²	7.50%	7.50%
Projected salary increases ²		
Non-LEO employees	3.75% to 5.60%	3.75% to 5.60%
LEO employees	3.50% to 4.75%	3.50% to 4.75%
Cost-of-living adjustments	2.50%	2.50%

¹ This member contribution has been assumed by the employer.

² Includes inflation at 2.50%.

Note 10-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost (continued)

Three-Year Trend Information

	Fiscal Year Ending	_	Annual Pension Cost (APC) 1	Percentage of APC Contributed	Per	let nsion gation
Primary Government:						
County	6/30/2005	\$	432,033	100.00%	\$	-
	6/30/2006		466,097	100.00%		-
	6/30/2007		679,483	100.00%		-
Discretely Presented-Component Unit:						
School Board Non-Professional	6/30/2005	\$	245,038	100.00%	\$	-
	6/30/2006		265,514	100.00%		-
	6/30/2007		351,692	100.00%		-

¹Employer portion only

D. Discretely Presented Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Franklin County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A of downloaded copy that report may be from the System's web site at http://www.varetire.org/Pdf/2006AnnuRept.pdf or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

Note 10-Employee Retirement System and Pension Plans: (continued)

D. <u>Discretely Presented Component Unit School Board</u> (continued)

Funding Policy

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$3,233,137, \$2,175,305, and \$1,885,265 for the fiscal years ended 2007, 2006, and 2005 respectively. Employer contributions represented 9.20%, 6.62%, and 6.03% of covered payroll for the fiscal years ended 2007, 2006, and 2005, respectively.

Note 11-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$21,003 is comprised of the following:

<u>Prepaid Property Taxes</u> - Property taxes due subsequent to June 30, 2007, but paid in advance by the taxpayers totaled \$21,003 at June 30, 2007.

COUNTY OF FRANKLIN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2007

Note 12-Capital Assets:

Capital asset activity for the year ended June 30, 2007 was as follows:

Primary Government:

		Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:	_		_		-		_	
Capital assets, not being depreciated:								
Land	\$	1,966,914	\$	24,258	\$	-	\$	1,991,172
Construction in progress		1,903,286		7,871,298		(3,199,538)		6,575,046
Total capital assets not being	_		_		•		_	
depreciated	\$_	3,870,200	\$_	7,895,556	\$_	(3,199,538)	\$_	8,566,218
Capital assets, being depreciated:								
Buildings	\$	41,075,735	\$	487,086	\$	-	\$	41,562,821
Machinery and equipment		15,271,595		1,763,274		(1,054,465)		15,980,404
Total capital assets being					_		_	_
depreciated	\$_	56,347,330	\$_	2,250,360	\$_	(1,054,465)	\$_	57,543,225
Less: accumulated depreciation for:								
Buildings	\$	(8,944,635)	\$	(464,337)	\$	-	\$	(9,408,972)
Machinery and equipment	_	(9,120,769)		(1,355,038)	_	863,911		(9,611,896)
Total accumulated depreciation	\$_	(18,065,404)	\$_	(1,819,375)	\$_	863,911	\$_	(19,020,868)
Total capital assets being								
depreciated, net	\$_	38,281,926	\$_	430,985	\$_	(190,554)	\$_	38,522,357
Governmental activities capital								
assets, net	\$_	42,152,126	\$_	8,326,541	\$_	(3,390,092)	\$ _	47,088,575

COUNTY OF FRANKLIN, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2007

Note 12-Capital Assets: (continued)

	_	Beginning Balance		Increases		Decreases		Ending Balance
Business-type Activities:	-							
Capital assets, not being depreciated:								
Construction in progress	\$_		\$_	8,027	\$_		\$_	8,027
Total capital assets not being								
depreciated	\$_		\$_	<u>8,027</u>	\$_	<u>-</u>	\$_	8,027
Capital assets, being depreciated:							_	
Infrastructure	\$_	4 <u>,10</u> 8,257	\$_	129,637	\$_		\$_	4,237,894
Total capital assets being								
depreciated	\$ _	4,108,257	\$_	129,637	\$_		\$ _	4,237,894
Less: accumulated depreciation for:								
Infrastructure	\$	(131,285)	\$	(104,252)	\$	-	\$	(235,537)
Total accumulated depreciation	\$_	(131,285)	\$_	(104,252)	\$_		\$_	(235,537)
Total capital assets being								
depreciated, net	\$	3,976,972	\$	25,385	\$	-	\$	4,002,357
,	' —		Ť –		-		`-	
Business-type activities capital								
assets, net	\$_	3,976,972	\$_	33,412	\$_		\$ _	4,010,384

Note 12-Capital Assets: (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	111,392
Judicial administration		5,479
Public safety		929,337
Public works		454,913
Health and welfare		32,495
Education		130,559
Parks, recreation, and culture		139,720
Community development	_	15,480
Total depreciation expense-governmental activities	\$	1,819,375
Business-type activities		
Utility fund	\$	104,252

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Note 12-Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2007 was as follows:

Discretely Presented Component Unit:

		Beginning Balance		Increases		Decreases		Ending Balance
Governmental Activities:	-		_		_		_	
Capital assets, not being depreciated:								
Land	\$	725,315	\$	-	\$	-	\$	725,315
Construction in progress		460,488		405,546		-		866,034
Total capital assets not being					_			
depreciated	\$_	1,185,803	\$_	405,546	\$_	-	\$_	1,591,349
Capital assets, being depreciated:								
Buildings	\$	26,321,510	\$	2,725,535	\$	-	\$	29,047,045
Machinery and equipment		10,304,017		1,317,159		(717,202)		10,903,974
Total capital assets being depreciated	\$_	36,625,527	\$_	4,042,694	\$_	(717,202)	\$_	39,951,019
Less: accumulated depreciation for:								
Buildings	\$	(14,703,110)	\$	(1,155,137)	\$	-	\$	(15,858,247)
Machinery and equipment (1)		(6,518,927)		(883,517)		689,852		(6,712,592)
Total accumulated depreciation	\$_	(21,222,037)	\$_	(2,038,654)	\$_	689,852	\$_	(22,570,839)
Total capital assets being								
depreciated, net	\$_	15,403,490	\$_	2,004,040	\$_	(27,350)	\$_	17,380,180
Governmental activities capital								
assets, net	\$_	16,589,293	\$_	2,409,586	\$_	(27,350)	\$_	18,971,529

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NOTES TO FINANCIAL STATEMENTS (CONTINUED) June 30, 2007

Note 13-Risk Management:

The County and its component unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit – School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, <u>Audits of States, Local Governments, and Non-Profit Organizations</u>. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 15-Surety Bonds:

Primary Government:

Fidelity	ጲ	Denocit	Company	of ∣	Maryland-Surety:
LIGGILLA	α	Denosii	CUITIDATIV	UI I	iviai viai iu-Suletv.

Alice S. Hall, Clerk of the Circuit Court	 \$ 500,000
Lynda F. Messenger, Treasurer	500,000
Judy S. Crook, Commissioner of the Revenue	3,000
W. Q. Overton, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
All Social Services employees-blanket bond	100,000

Note 15-Surety Bonds: (continued)	
Thurman Enterprises:	
Richard Huff, County Administrator	\$ 10,000
Bonnie Johnson, Assistant County Admistrator	10,000
Vincent K. Copenhaver, Director of Finance	100,000
Hubert Quinn, Supervisor	2,500
Page Matherly, Supervisor	2,500
Charles Wagner, Supervisor	2,500
Don Riddle, Supervisor	2,500
Charles Poindexter, Supervisor	2,500
Wayne Angell, Chariman	2,500
David Hurt, Supervisor	2,500
Sharon Tudor, Procurement Specialist	2,500
Phyllis Scott, Personnel, Financial Analyst	10,000
Connie Stanley, Administrative Assistant II	2,500
Component Unit – School Board:	
Fidelity and Casualty Company of New York:	
Larry Hixson, Superintendent of Schools	\$ 20,000
David Leffue	20,000
Lee Cheatham	20,000
Georgia Ferguson	20,000
Marguerite Whitmer	20,000

Note 16-Landfill Closure and Post-closure Care Cost:

Pacific Employers Insurance Company:

All School Board employees-blanket bond

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$1,951,456 is the total estimated closure and post-closure care liability at June 30, 2007 based on the capacity used as of the same date. The landfill has reached 92% of capacity and the County expects to close the landfill in either 2010 or 2011. This represents what it would cost to perform closure and post-closure care in 2007. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and post-closure costs.

\$

100,000

Note 17-Designated and Reserved Fund Balances/Restricted Net Assets:

Primary Government:		
Reserved for law library	\$	10,860
Reserved for forfeited assets		210,273
Reserved for capital projects		6,601,058
Designated for economic development		2,629,822
Designated for landfill closure		2,662,949
Designated for Workforce Building Project		5,222,246
Designated for library endowment		4,000
Total Primary Government designations and reservations	\$	17,341,208
Primary Government:		
Restricted for law library	\$	10,860
Restricted for forfeited assets	-	210,273
Total Primary Government restrictions	\$	221,133

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County of Franklin, Virginia Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan For the Year Ended June 30, 2007

Primary Government: County Retirement Plan

Valuation as of (1)	 Actuarial Value of Assets (2)	<u>Li</u>	Actuarial Accrued ability (AAL) (3)	Unfunded AL (UAAL) (3) - (2) (4)	Funded Assets of AAL (5	as % (2)/(3)	Annual Covered Payroll (6)	overed (4)/(6)
June 30, 2006	\$ 29,393,827	\$	30,404,249	\$ 1,010,422		96.68%	\$ 9,600,765	10.52%
June 30, 2005	27,129,208		29,639,111	2,509,903		91.53%	8,731,421	28.75%
June 30, 2004	26,035,448		26,577,701	542,253		97.96%	8,025,585	6.76%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	<u>Li</u>	Actuarial Accrued (ability (AAL)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Assets of AAL (5	as % (2)/(3)	Annual Covered Payroll (6)	% of C	(4)/(6)
June 30, 2006	\$ 9,801,310	\$	11,790,986	\$ 1,989,676		83.13%	\$ 4,118,928		48.31%
June 30, 2005	9,091,980		10,866,664	1,774,684		83.67%	3,814,854		46.52%
June 30, 2004	8,709,243		9,457,016	747,773		92.09%	3,536,339		21.15%

County of Franklin, Virginia General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2007

Variance with **Budgeted Amounts** Final Budget -Actual **Positive** Original **Final Amounts** (Negative) **REVENUES** General property taxes \$ 31,579,890 \$ 31,523,422 \$ 32,707,564 \$ 1,184,142 Other local taxes 9,870,025 10,249,015 10,552,070 303,055 735,271 691.500 Permits, privilege fees, and regulatory licenses 735,271 (43,771)22,225 22.225 Fines and forfeitures 16,378 (5,847)Revenue from the use of money and property 784,000 1,129,126 2,301,058 1,171,932 Charges for services 1,515,079 2,003,241 2,199,868 196,627 Miscellaneous 371,305 172,000 368,074 3.231 Recovered costs 318,958 520,903 731,213 210,310 Intergovernmental revenues: Commonwealth 13,906,312 18,680,056 14,654,174 (4,025,882)Federal 289,223 1,740,309 3,432,981 1,692,672 66,971,642 \$ \$ 59,192,983 \$ 67,658,111 \$ 686,469 Total revenues **EXPENDITURES** Current: 5,110,277 \$ 4,491,144 \$ 3,939,015 \$ 552,129 General government administration \$ Judicial administration 2,409,917 2,273,296 2,214,118 195,799 Public safety 8,292,028 11,857,811 10,245,737 1,612,074 Public works 3.757.437 8,347,740 3.763.333 4,584,407 Health and welfare 8.744.682 9,468,789 9,685,059 (216.270)Education 26,489,637 26,489,637 25,640,822 848.815 Parks, recreation, and cultural 1,786,123 3,270,902 2,300,706 970,196 8,510,072 Community development 2,554,373 13,559,193 5,049,121 Nondepartmental 455,300 293,119 40,097 253,022 Capital projects 174,331 222,811 131,011 91,800 Debt service: 2,076,767 (1,410,414)Principal retirement 631,865 666,353 Interest and other fiscal charges 772,665 1,609,153 1,232,658 376,495 \$ 61,042,014 69,779,395 12,907,174 Total expenditures 82,686,569 Excess (deficiency) of revenues over (under) 13,593,643 expenditures \$ (1,849,031) \$ (15,714,927) \$ (2,121,284) \$ OTHER FINANCING SOURCES (USES) Transfers in \$ 425,000 \$ 425,000 \$ 425,000 \$ Transfers out (1,486,049)(1,017,325)468,724 (1,045,845)(592,325) \$ \$ (620,845) \$ (1,061,049) \$ 468,724 Total other financing sources and uses Net change in fund balances \$ (2,469,876) \$ (16,775,976) \$ (2,713,609) \$ 14,062,367 Fund balances - beginning 2,469,876 16,775,976 34,843,241 18,067,265 Fund balances - ending \$ 32,129,632 \$ 32,129,632

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

County of Franklin, Virginia Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Major Capital Projects Fund For the Year Ended June 30, 2007

	School Construction							
	Origi	Budgeted Amounts		Actual	F	ariance with inal Budget Positive (Negative)		
REVENUES	Oligi	<u>i iilai</u>		Actual		(Negative)		
Revenue from the use of money and property	\$	- \$	- \$	231,021	\$	231,021		
Miscellaneous		•	-	187,343		187,343		
Total revenues	\$	- \$	- \$	418,364	\$	418,364		
EXPENDITURES								
Capital projects	\$	- \$	- \$	390,906	\$	(390,906)		
Total expenditures	\$	- \$	- \$	390,906	\$	(390,906)		
Excess (deficiency) of revenues over (under)								
expenditures	_\$			27,458	\$	27,458		
OTHER FINANCING SOURCES (USES)								
Proceeds of general obligation bonds	\$	- \$	- \$	6,573,600	\$	6,573,600		
Total other financing sources and uses	\$	- \$	- \$	6,573,600	\$	6,573,600		
Net change in fund balances Fund balances - beginning	\$	- \$ -	- \$ -	6,601,058	\$	6,601,058 -		
Fund balances - ending	\$	- \$	- \$	6,601,058	\$	6,601,058		

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

County of Franklin, Virginia Balance Sheet Nonmajor Governmental Funds June 30, 2007

	E-911 <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 31,036
Total assets	\$ 31,036
Fund balances:	
Reserved for:	
E-911	\$ 31,036
Total fund balances	\$ 31,036
Total liabilities and fund balances	\$ 31,036

County of Franklin, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2007

		E-911 <u>Fund</u>
REVENUES Other lead toward	\$	E00 746
Other local taxes	Ф	508,746
Intergovernmental revenues: Commonwealth		68,979
Total revenues	\$	577,725
Total Total aco	<u> </u>	077,720
EXPENDITURES		
Current:		
Public safety	\$	879,577
Total expenditures	\$	879,577
Excess (deficiency) of revenues over (under)		
expenditures		(301,852)
OTHER FINANCING SOURCES (USES)		
Transfers in	\$	669,447
Transfers out	*	(425,000)
Total other financing sources and uses	\$	244,447
v		<u> </u>
Net change in fund balances	\$	(57,405)
Fund balances - beginning		88,441
Fund balances - ending	\$	31,036

County of Franklin, Virginia Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Special Revenue Fund For the Year Ended June 30, 2007

	E-911 Fund								
	Budgeted Amo			nounts <u>Final</u>		<u>Actual</u>		Variance with Final Budget Positive (Negative)	
REVENUES		_							
Other local taxes	\$	887,736	\$	508,746	\$	508,746	\$	-	
Miscellaneous		2,500		2,500		-		(2,500)	
Intergovernmental revenues:									
Commonwealth		72,968		72,968		68,979		(3,989)	
Total revenues	_\$	963,204	\$	584,214	\$_	577,725	\$_	(6,489)	
EXPENDITURES Current: Public safety	\$	917,431	\$	917,103	\$	879,577	\$	37,526	
Total expenditures	\$	917,431	\$	917,103	\$	879,577	\$	37,526	
Excess (deficiency) of revenues over (under) expenditures	\$	45,773		(332,889)		(301,852)	•	31,037	
OTHER FINANCING SOURCES (USES)									
Transfers in	\$	284,243	\$	669,447	\$	669,447	\$	-	
Transfers out	,	(425,000)	•	(425,000)	•	(425,000)	•	-	
Total other financing sources and uses	\$	(140,757)	\$	244,447	\$	244,447	\$	-	
Net change in fund balances Fund balances - beginning	\$	(94,984) 94,984	_	(88,442) 88,442		(57,405) 88,441		31,037 (1)	
Fund balances - ending	<u>\$</u>		\$		\$	31,036	\$	31,036	

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

FIDUCIARY FUNDS

<u>Special Welfare</u> – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

<u>Road Escrow</u> – The Road Escrow fund accounts for those funds belonging to County citizens for which road improvements are being made.

<u>Escrow Fund for Soil and Erosion Control Agreement</u>—The Soil and Erosion Control Agreement fund accounts for those funds held by the County on behalf of developers, corporations, or individuals to ensure performance under requirements set forth by the County.

<u>Inmate Trust and Canteen</u> – The Jail Inmate Trust and Canteen fund accounts for the inmate commissary, inmate trust, and inmate monitoring funds.

County of Franklin, Virginia Combining Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2007

			Agen	:у F	unds		
	_	Special <u>Welfare</u>	Road Escrow <u>Fund</u>		Escrow Fund for Soil and Erosion Control <u>Agreement</u>	Inmate trust and Canteen Account <u>Fund</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$	54,535	\$ 15,924	\$	52,337	\$ -	\$ 122,796
Cash in custody of others			-			94,982	94,982
Total assets	\$	54,535	\$ 15,924	\$	52,337	\$ 94,982	\$ 217,778
LIABILITIES							
Amounts held for social services clients	\$	54,535	\$ -	\$	-	\$ -	\$ 54,535
Amounts held for citizens		-	15,924		-	-	15,924
Amounts held for performance bonds		-	-		52,337	-	52,337
Amounts held for inmates		-			_	94,982	94,982
Total liabilities	\$	54,535	\$ 15,924	\$	52,337	\$ 94,982	\$ 217,778

County of Franklin, Virginia Combining Statement of Changes in Assets and Liabilities Fiduciary Funds For the Year Ended June 30, 2007

				Agency	Fund	s		
	İ	Balance July 1, <u>2006</u>	Ā	<u>Additions</u>	<u>De</u>	eductions	_	Balance June 30, <u>2007</u>
ASSETS								
Cash and cash equivalents: Special Welfare Fund	\$	63,575	\$	203,393	\$	212,433	\$	54,535
Road Escrow Fund	•	34,230	,	-	·	18,306	,	15,924
Escrow Fund for Soil and Erosion								
Control Agreement		-		69,519		17,182		52,337
Cash in custody of others Inmate Trust and Canteen Funds		63,545		293,541		262,104		94,982
Total assets	\$	161,350	\$	566,453	\$	510,025	\$	217,778
								
LIABILITIES								
Amounts held for others:								
Social services clients	\$	63,575	\$	43,860	\$	52,900	\$	54,535
Citizens		34,230		-		18,306		15,924
Performance bonds		-		116,456		64,119		52,337
Inmates		63,545		293,541		262,104		94,982
Total liabilities	\$	161,350	\$	453,857	\$	397,429	\$	217,778

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

<u>School Operating Fund</u> - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Franklin, Virginia Balance Sheet Discretely Presented Component Unit - School Board June 30, 2007

		School Operating <u>Fund</u>
ASSETS	_	
Cash in custody of others	\$	1,122,311
Due from other governmental units Total assets	\$	2,563,629 3,685,940
Total assets	<u> </u>	
LIABILITIES AND FUND BALANCES Liabilities:		
Accounts payable	\$	530,611
Due to primary government		579,041
Total liabilities	\$	1,109,652
Fund balances: Unreserved:	•	0.570.000
Undesignated The first below as	\$	2,576,288
Total fund balances Total liabilities and fund balances	\$	2,576,288 3,685,940
Total liabilities and fulld balances	<u> </u>	3,000,940
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Total fund balances per above	\$	2,576,288
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		18,971,529
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(762,880)
Net assets of governmental activities	\$	20,784,937

County of Franklin, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2007

		School Operating <u>Fund</u>
REVENUES		4 00 4 40 4
Charges for services	\$	1,864,191
Miscellaneous Page 1987		146,467 364,280
Recovered costs		304,200
Intergovernmental revenues: Local government		26,073,577
Commonwealth		38,779,282
Federal		6,461,997
Total revenues	\$	73,689,794
EXPENDITURES		
Current:		
Education	<u>\$</u>	72,232,129
Total expenditures	\$	72,232,129
Excess (deficiency) of revenues over (under)		
expenditures	_\$_	1,457,665
Net change in fund balances	\$	1,457,665
Fund balances - beginning		1,118,623
Fund balances - ending	\$	2,576,288
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because	:	
Net change in fund balances - total governmental funds - per above	\$	1,457,665
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded		
depreciation in the current period.		2,382,236
Some expenses reported in the statement of activities do not require the use of current		
financial resources and, therefore are not reported as expenditures in governmental funds.		20,489
Change in net assets of governmental activities		3,860,390

County of Franklin, Virginia Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2007

				School Ope	ratin	g Fund		
	_	Budgeted Original	l Amo		•	Actual	F	ariance with inal Budget Positive (Negative)
REVENUES								
Charges for services	\$	1,864,060	\$	1,864,060	\$	1,864,191	\$	131
Miscellaneous		108,982		108,982		146,467		37,485
Recovered costs		23,749		23,749		364,280		340,531
Intergovernmental revenues:								
Local government		30,690,968		25,469,091		26,073,577		604,486
Commonwealth		37,710,534		37,698,229		38,779,282		1,081,053
Federal		6,051,347		6,063,652		6,461,997		398,345
Total revenues	\$	76,449,640	\$	71,227,763	\$	73,689,794	\$	2,462,031
EXPENDITURES								
Current:								
Education	\$	73,962,356	\$	68,989,355	\$	72,232,129	\$	(3,242,774)
Total expenditures	\$	73,962,356	\$	68,989,355	\$	72,232,129	\$	(3,242,774)
Excess (deficiency) of revenues over (under)								
expenditures	_\$	2,487,284	\$	2,238,408	\$	<u>1,457,665</u>	\$	(780,743)
Net change in fund balances	\$	2,487,284	\$	2,238,408	\$	1,457,665	\$	(780,743)
Fund balances - beginning	*	(2,487,284)	•	(2,238,408)	•	1,118,623	•	3,357,031
Fund balances - ending	\$		\$	-	\$	2,576,288	\$	2,576,288

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Revenue from local sources: General proporty taxos	Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Penel properly taxes: \$24,650,000 \$ 24,650,000 \$ 25,561,816 \$ 941,816	General Fund:								
Real property taxes									
Residand personal public services corporation taxes 619,405 64,802,61 232,263 Mobile home taxes 245,000 242,864 232,263 Mechinery and tools taxes 364,640 364,464 361,640 675,520 19,111 Personal property taxes 239,691 229,691 279,756 19,111 Property taxes 31,579,850 31,579,850 \$13,779,504 \$1,105,402 Cotter local taxes 4,083,357 \$4,083,357 \$4,242,905 \$1,984,402 Cotter local taxes 2,084,770 2,284,570 1,715,253 \$19,381 Local sales and use taxes 2,083,577 2,284,570 1,715,253 \$19,381 Communications tax 2,083,677 2,284,570 1,715,253 \$19,381 Communications tax 2,083,77 2,284,770 1,714,112 \$1,400 \$1,400 \$1,400 \$1,500 \$1,500 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,501 \$1,502 \$1,502 \$1,502		_				_			
Personal property taxes		\$		\$		\$		\$	
Mobile home taxes 245,000 242,864 2,136 Merichant's capital 364,449 364,494 675,520 19,111 Penalties 229,091 229,091 227,096 38,205 Interest 120,865 120,865 131,719 11,054 Total general properly taxes 120,865 120,865 131,719 11,054 Other local taxes 4,093,377 \$ 4,093,377 \$ 4,242,805 \$ 149,448 Consumers' cliffy taxes 2,284,707 2,244,707 2,715,239 5,093,317 Communications tax 2 2,457 2,175,265 5,109,448 Cable TV franchias license taxes 3,000 3,000 1,092,401 77,3141 Cable TV franchias license taxes 3,000 3,000 1,092,401 77,3141 Motor vehicle licenses 2,000,000 3,000 1,092,401 77,3141 Motor vehicle licenses 1,000,000 1,000,000 1,092,401 77,3141 Taxes on recordation and wills 7,000,000 1,000,000 1,000,000 1,000,000	·		-				-		
Machinery and tools taxes 364,494 361,494 361,737 17,245 Merchant's capital 656,409 658,409 658,409 267,296 3,30,05 Interret 120,665 120,665 120,665 131,179 11,119 Other local taxes: Cottageneral property taxes \$ 1,052,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 Consumers' utility taxes 2,284,770 2,284,770 1,715,200 \$ 1,094,40 Consumers' utility taxes 2,284,770 2,284,770 1,715,200 \$ (593,331) Communications tax 2,000 3,000 4,983,600 7,000 1,989 Business license taxes 2,000 3,000 4,989 1,998 1,998 Utility license taxes 2,000 200,000 12,986 (70,140) Bark skot taxes 1,209 1,199,000 842,747 (50,40) Bark skot taxes 1,200 7,900 842,747 (50,90) Taxes on recordation and wills 7,900 110,000 100,000 842,747	· · ·								
Merchan's caphal 666, 409 655, 209 1,111 Penalises 229, 609 120, 665 120, 665 131,719 11,054 Total general properly taxes 120, 665 120, 665 131,719 11,054 Cherrical safes and use taxes \$1,053,758 \$1,523,422 \$3,270,564 \$1,064,404 Consumers' tillity taxes 2,284,570 2,284,570 1,762,39 (59,331) Communications tax - 378,900 1,092,401 713,414 Cable TV franchise license taxes 200,000 2,000,000 1,992,401 713,414 Cable TV franchise license taxes 200,000 200,000 1,992,401 71,714 Motor vehicle iscenses 3,000 200,000 14,998 1,998 Utility license taxes 1,000 200,000 16,959 1,999 Bank stock taxes 1,000 780,000 165,991 Taxes on recordation and wills 780,000 780,000 49,274 62,747 Hotel and motel room taxes 112,000 17,000 81,273 1,							•		
Penallises 129,061	•		-		•		-		•
Interest									
Total general property taxes									
Local sales and use taxes	Total general property taxes	\$		\$		\$		\$	
Consumers 'ullify taxes 2,284,570 1,715,239 (569,331) Communications tax - 378,990 1,092,401 713,411 Cable TV franchise license taxes 210,584 210,584 216,286 5,702 Business license taxes 200,000 3,000 4,998 1,998 Utility license taxes 200,000 129,884 1,70,1469 Motor vehicle licenses 1,289,381 1,289,381 1,279,225 101,565 Bank stock taxes 100,000 100,000 105,091 5,991 Taxes on recordation and wills 780,000 780,000 109,333 (2,647) Hotel and motel room taxes 112,000 112,000 109,353 (2,647) Hotel and motel room taxes 9,870,025 10,249,015 10,552,070 \$ 303,055 Permils, privilege fees, and regulatory licenses: 3,000 17,000 \$ 17,205 \$ 325 Land use application fees 15,000 \$ 10,249,015 \$ 10,518 5,444 Transfer fees 3,000 3,000 \$ 2,733 (267) <td>Other local taxes:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Other local taxes:								
Communications tax 378,990 1,082,401 713,411 Cable TV franchise license taxes 210,584 210,584 210,586 5,702 Business license taxes 3,000 3,000 4,998 1,998 Utility license taxes 200,000 200,000 129,854 (70,146) Motor whicle licenses 1,289,381 1,289,381 1,279,225 (10,156) Bank stock taxes 100,000 100,000 105,001 5,981 Taxes on recordation and wills 780,000 780,000 109,533 (2,647) Hold and molei room taxes 112,000 112,000 109,533 (2,647) Restaurant food taxes 797,133 787,133 814,071 15,932 Total other local taxes \$9,870,025 \$17,000 \$17,305 \$33,005 Permits, privilege fees, and regulatory licenses: \$17,000 \$17,000 \$17,325 \$325 Land use application fees \$15,000 \$15,000 20,444 5,444 Transfer fees \$15,000 \$15,000 \$17,500 \$		\$		\$		\$		\$	
Cable TV franchise license taxes 210,884 210,884 210,886 5,702 Business license taxes 3,000 3,000 4,988 1,998 Utility license taxes 200,000 200,000 129,884 (70,146) Motor vehicle licenses 1,289,381 1,289,381 1,279,225 (10,166) Bark ktock taxes 100,000 100,000 100,000 105,091 5,091 Taxes on recordation and wills 780,000 780,000 842,747 62,747 Hotel and motel room taxes 112,000 112,000 103,553 (2,647) Restaurant food taxes 797,133 797,133 184,071 19,936 Total other local taxes \$ 9,870,025 \$ 10,249,015 \$ 10,552,070 \$ 303,055 Wermits, privilege fees, and regulatory licenses: Land use application fees \$ 17,000 \$ 17,000 \$ 17,325 \$ 325 Land use application fees \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271 \$ 150,271	-		2,284,570						
Business license taxes 3,000 3,000 4,998 1,998 Utility license taxes 200,000 20,000 129,854 (70,146) Motor vehicle licenses 1,289,381 1,289,381 1,279,225 (10,156) Bank stock taxes 100,000 100,000 105,091 5,091 Taxes on recordation and wills 780,000 780,000 182,000 103,333 (2,647) Hotel and motel room taxes 112,000 112,000 103,533 (2,647) 62,747 Restaurant food taxes 9,870,025 10,249,015 10,552,070 303,055 Total office local taxes 9,870,025 17,000 17,325 303,055 Permils, privilege fees, and regulatory licenses: 15,000 17,000 17,325 3,325 Land use application fees 15,000 15,000 2,744 5,444 Transfer fees 3,000 3,000 2,733 (26,77) Zoing and planning fees 15,000 110,000 117,1156 3,523 Erosion and sediment control 110,00			-		•				
Utility license taxes 200,000 128,854 (70,146) Motor vehicle licenses 1,289,381 1,289,381 1,279,225 (10,156) Bank stock taxes 100,000 100,000 842,747 65,991 Taxes on recordation and wills 780,000 112,000 100,353 2,247 Hotel and motel room taxes 112,000 112,000 103,353 2,247 Restaurant food taxes 797,133 797,133 814,071 16,938 Total other local taxes \$ 9,870,025 \$ 10,249,015 \$ 10,552,070 \$ 303,055 Permits, privilege fees, and regulatory licenses: Animal licenses \$ 17,000 \$ 17,000 \$ 17,325 \$ 325 Land use application fees \$ 150,000 \$ 15,000 \$ 20,444 5,444 Transfer fees \$ 3,000 \$ 17,000 \$ 17,325 \$ 325 Land use application fees \$ 150,001 \$ 10,000 \$ 27,33 (267) Zoning and planning fees \$ 150,000 \$ 110,000 \$ 171,156 6 1,156 Build					-				
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Zoning and planning fees 150,271 150,271 115,018 (35,253) Erosion and sediment control 110,000 110,000 171,156 61,156 Building permits 40,000 364,764 (75,236) Other permits and licenses - - - 60 Total permits, privilege fees, and regulatory licenses \$735,271 \$735,271 \$691,500 \$(43,771) Fines and forfeitures: Court fines and forfeitures \$22,225 \$22,225 \$16,378 \$(5,847) Total fines and forfeitures \$22,225 \$22,225 \$16,378 \$(5,847) Revenue from use of money and property: Revenue from use of money 700,000 \$1,041,730 \$2,195,585 \$1,153,855 Revenue from use of money and property 84,000 87,396 105,473 18,077 Total revenue from use of money and property \$30,000 \$35,236 \$5,236 Charges for courthouse security \$30,000 \$35,236 \$5,236 Charges for courthouse maintenance 14,000	··								
Erosion and sediment control 110,000 110,000 171,156 61,156 Building permits 440,000 440,000 364,764 (75,236) Other permits and licenses - - - 60 60 Total permits, privilege fees, and regulatory licenses \$735,271 \$735,271 \$691,500 \$43,771 Fines and forfeitures Court fines and forfeitures \$22,225 \$22,225 \$16,378 \$(5,847) Total fines and forfeitures \$22,225 \$22,225 \$16,378 \$(5,847) Revenue from use of money and property: Revenue from use of money and property \$700,000 \$1,041,730 \$2,195,585 \$1,153,855 Revenue from use of money and property \$40,000 \$7,396 105,473 18,077 Total revenue from use of money and property \$784,000 \$1,129,126 \$2,301,058 \$1,171,932 Charges for courthouse security \$30,000 \$30,000 \$35,236 \$5,236 Charges for law enforcement and traffic control 25,000 25,000 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>									
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Other permits and licenses - - 60 60 Total permits, privilege fees, and regulatory licenses \$ 735,271 \$ 735,271 \$ 691,500 \$ (43,771) Fines and forfeitures: Court fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Total fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Revenue from use of money and property: Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of money and property \$ 40,000 \$ 87,396 \$ 105,473 \$ 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for courthouse maintenance \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000<									
Total permits, privilege fees, and regulatory licenses \$ 735,271 \$ 735,271 \$ 691,500 \$ (43,771) Fines and forfeitures: Court fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Total fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Revenue from use of money and property: Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of property 84,000 87,396 105,473 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court			440,000		440,000				
Fines and forfeitures: Court fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Total fines and forfeitures \$ 22,225 \$ 22,225 \$ 16,378 \$ (5,847) Revenue from use of money and property: Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of property \$ 84,000 \$ 87,396 \$ 105,473 \$ 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control \$ 25,000 \$ 25,000 \$ 19,573 \$ (5,427) Charges for law enforcement and traffic control \$ 14,000 \$ 14,000 \$ 11,579 \$ (2,421) Charges for law library \$ 15,000 \$ 15,000 \$ 12,162 \$ (2,838) Excess Clerk of Court fees \$ 100,285 \$ 100,285 \$ 167,536 \$ 67,251 Charges for Commonwealth's Attorney \$ 2,500 \$ 2,500 \$ 4,298 \$ 1,798 Prisoner's board	·	•	735 271	•	735 271	<u>e</u>		é	
Court fines and forfeitures \$ 22,225 22,225 22,225 16,378 (5,847) Revenue from use of money and property: Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of property 84,000 87,396 105,473 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for services: \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)	rotal permits, privilege lees, and regulatory licenses	<u> </u>	733,271	Ψ		Ψ	091,300	Ψ	(43,771)
Total fines and forfeitures \$ 22,225 \$ 16,378 \$ (5,847)		\$	22.225	\$	22.225	\$	16.378	\$	(5.847)
Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of property 84,000 87,396 105,473 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)		\$							
Revenue from use of money \$ 700,000 \$ 1,041,730 \$ 2,195,585 \$ 1,153,855 Revenue from use of property 84,000 87,396 105,473 18,077 Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)	Revenue from use of money and property:								
Total revenue from use of money and property \$ 784,000 \$ 1,129,126 \$ 2,301,058 \$ 1,171,932 Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)		\$	700,000	\$	1,041,730	\$	2,195,585	\$	1,153,855
Charges for services: Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)									
Charges for courthouse security \$ 30,000 \$ 30,000 \$ 35,236 \$ 5,236 Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)	Total revenue from use of money and property		784,000	\$	1,129,126	\$	2,301,058	\$	1,171,932
Charges for law enforcement and traffic control 25,000 25,000 19,573 (5,427) Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)			00.00-	•			6- 66 -		F 444
Charges for courthouse maintenance 14,000 14,000 11,579 (2,421) Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)		\$		\$		\$		\$	
Charges for law library 15,000 15,000 12,162 (2,838) Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)									
Excess Clerk of Court fees 100,285 100,285 167,536 67,251 Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)									
Charges for Commonwealth's Attorney 2,500 2,500 4,298 1,798 Prisoner's board 10,000 10,000 9,819 (181)									
Prisoner's board 10,000 10,000 9,819 (181)									
			•						

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued)								
Revenue from local sources: (Continued)								
Charges for services: (Continued)								
Miscellaneous animal fees	\$	2,000	\$	2,000	\$	4,883	\$	2,883
Miscellaneous jail and inmate fees		-		-		1,019		1,019
Charges for economic development private landfills		-		-		32,922		32,922
Charges for sale of maps and codes and copies		33,000		33,000		45,624		12,624
Charges for emergency medical services billing		300,000		788,162		831,046		42,884
Charges for sanitation and waste removal		875,000		875,000		903,184		28,184
Charges for parks and recreation		60,000		60,000		61,078		1,078
Charges for aging services		18,074		18,074		25,398		7,324
Charges for library		22,220		22,220		24,237		2,017
Total charges for services	\$	1,515,079	\$	2,003,241	\$	2,199,868	\$	196,627
							<u> </u>	
Miscellaneous revenue:								
Miscellaneous	\$	172,000	\$	368,074	\$	371,305	\$	3,231
Total miscellaneous revenue	\$	172,000	\$	368,074	<u> </u>	371,305		3,231
			·		<u> </u>			
Recovered costs:								
Forfeited asset seizures	\$	25,000	\$	25,000	\$	62,962	\$	37,962
Health department	·	6,000	•	6,000	•	8,064	Ċ	2,064
Court reporting fees		41,300		41,300		59,615		18,315
Armory reimbursement		-		-		7,267		7,267
School resource officer		86,658		86,658		86,658		-
Office on youth		-		40,000		184,823		144,823
U.S. marshali		_		-		121,570		121,570
Blue ridge soil and water		160,000		200,253		200,254		12.,5.0
Other recovered costs		-		121,692		200,201		(121,692)
Total recovered costs	\$	318,958	\$	520,903	\$	731,213	\$	210,310
1000101000000				020,000		101,210	<u> </u>	210,010
Total revenue from local sources	\$	44,997,448	\$_	46,551,277	\$	49,570,956	\$	3,019,679
Revenue from the Commonwealth:								
Noncategorical aid:								
ABC profits	\$	25,170	\$	25,170	s.	25,234	\$	64
Wine taxes	*	26,383	•	26,383	Ψ	26,383	Ψ.	-
Motor vehicle carrier tax (rolling stock)		29,852		29,852		35,825		5,973
Mobile home titling tax		94,000		94,000		142,940		48,940
Motor vehicle rental tax		21,000		21,000		33,025		12,025
Grantor's tax		420,000		420,000		162,848		(257,152)
State recordation tax		210,000		210,000		204,330		(5,670)
		210,000		210,000		204,330		(0,070)
Governor's opportunity grant		2 626 640		0.606.640		2 040 560		202.050
Personal property tax relief funds	•	2,626,618 3,453,023	_	2,626,618	•	3,019,568	_	392,950
Total noncategorical aid		3,403,023	φ_	3,453,023	Φ_	3,650,153	Þ	197,130

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued)								
Revenue from the Commonwealth: (Continued)								
Categorical aid:								
Shared expenses:	•	000 000	٠	000 000	•	457.074	•	77 544
Commonwealth's attorney	\$	380,360	\$	380,360	\$	457,871	\$	77,511
Sheriff		2,946,812		3,306,087		3,335,781		29,694
Commissioner of revenue		165,510		166,962 158.524		176,729		9,767
Treasurer		158,524		, -		166,758		8,234
Medical examiner		600 42,000		600 42,000		120 76,794		(480)
Registrar/electoral board Clerk of the Circuit Court		281,694		355,686		356,946		34,794 1,260
Total shared expenses	-\$	3,975,500	\$	4,410,219	\$	4,570,999	\$	160,780
rotal shared expenses	<u> </u>	3,973,300	<u> </u>	4,410,219	Ф	4,570,999	Ψ_	100,700
Other categorical aid:								
Public assistance and welfare administration	\$	3,730,579	\$	3,853,972	\$	1,415,423	\$	(2,438,549)
Comprehensive services act	*	2,230,250	Ψ	2,556,697	Ψ	2,719,580	Ψ	162,883
Office on youth-juvenile		29,811		29,811		29,811		102,000
Family resource center-family violence prevention		147,607		147,607		131,540		(16,067)
Family resource center-DHCD shelter grant		37,400		37,400		19,696		(17,704)
Fire programs		-		104,141		113,614		9,473
Library grants		111,097		133,648		133,648		-
Litter control grant		-		9,300		9,300		_
Franklin center contributions		_		51,573		51,573		_
Commonwealth debit account		_		-		4,830		4,830
EDA grant		_		1,000,000		-		(1,000,000)
VDA grant		_		-		58,164		58,164
Governor's opportunity funds		-		600,000		600,000		-
Public safety purchase reimbursement		-		-		56,973		56,973
Public safety grants		-		-		242,627		242,627
Town of Rocky Mount		_		45,300.0		45,300		-
Tobacco indemnification funds		-		1,971,426		692,272		(1,279,154)
Department of Emergency Management equipment grant		-		84,894		84,894		-
Other categorical aid		191,045		191,045		23,777		(167,268)
Total other categorical aid	\$	6,477,789	\$	10,816,814	\$	6,433,022	\$	(4,383,792)
-								
Total categorical aid	_\$	10,453,289	\$	15,227,033	\$	11,004,021	\$	(4,223,012)
Total revenue from the Commonwealth	_\$_	13,906,312	\$	18,680,056	\$	14,654,174	\$	(4,025,882)
Revenue from the federal government:								
Payments in lieu of taxes	_\$	9,883	\$_	9,883	\$	25,463	\$	15,580
Non-categorical aid:								
CDBG-indoor plumbing grant	\$	150,000	\$	165,000	\$	142,003	\$	(22,997)
CDBG block grant-States program		-		1,400,000		553,005		(846,995)
DCJS grant		-		36,086		37,605		1,519
Trans fee for services	_	-						
Total non-categorical aid	\$	150,000	<u>\$</u> _	1,601,086	\$	732,613	\$	(868,473)

Revenue from the federal government: (Continued)	Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final Budget		<u>Actual</u>	Fi	riance with nal Budget - Positive (Negative)	
Categorical aid:										
Department of Health and Human Services payments	The state of the s									
Department of Justice payments 15,144 15,144 37,902 22,758 Department of Housing and Urban Development payments 16,566 16,666 28,344 11,652 28,555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,5555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,55555 24,555555 24,55555 24,555555 24,555555 24,555555 24,555555 24,555555 24,555555 24,555555 24,5555555 24,5555555 24,5555555 24,55555555 24,55555555 24,5555555555 24,55555555555 24,555555555555555555555555555555555555		¢	63 000	¢	63 000	¢	2 574 071	¢	2 511 071	
Department of Housing and Urban Development payments 16,866 16,666 24,346 18,656 24,545 24,565		Ψ		Ψ		Ψ		Ψ		
Department of Homeland Security payments 34,500 34,500 \$2,674,505 \$2,545,565 \$2,545,										
Total categorical aid \$ 129,340 \$ 129,340 \$ 2,674,905 \$ 2,545,656 Total revenue from the federal government \$ 289,223 \$ 1,740,309 \$ 3,432,991 \$ 1,692,672 Total General Fund \$ 59,192,963 \$ 66,971,642 \$ 67,658,111 \$ 666,469 Normajor Special Revenue Fund:										
Total revenue from the federal government \$ 289,223		\$		\$		\$		\$		
Total General Fund \$ 59,192,983 \$ 66,971,642 \$ 67,658,111 \$ 686,469	Total outogotion and		.20,0.0	<u> </u>	120,010					
Nonmajor Special Revenue Fund: E-911 Fund:	Total revenue from the federal government	_\$_	289,223	\$	1,740,309	\$	3,432,981	\$	1,692,672	
Page	Total General Fund	\$	59,192,983	\$	66,971,642	\$	67,658,111	\$	686,469	
Revenue from local sources: Other local taxes: E-911 taxes										
E-911 taxes										
Miscellaneous revenue: Other miscellaneous Sociation Socia	Other local taxes:									
Miscellaneous revenue: \$ 2,500 \$ 2,500 \$ - \$ (2,500) Total revenue from local sources \$ 890,236 \$ 511,246 \$ 508,746 \$ (2,500) Categorical aid: \$ 72,968 \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total categorical aid \$ 72,968 \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total E-911 Fund \$ 963,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 963,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 893,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 893,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 893,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 893,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: \$ 893,204 \$ 893,204 \$ 893,	E-911 taxes	\$	887,736	\$	508,746	\$	508,746	\$		
Other miscellaneous \$ 2,500 \$ 2,500 \$ - \$ (2,500) Total revenue from local sources \$ 890,236 \$ 511,246 \$ 508,746 \$ (2,500) Categorical aid: Wireless board reimbursement \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Nonmajor Capital Projects Funds: Section Construction Fund Section Capital Projects Funds: School Construction Fund: Revenue from local sources: Revenue from local sources: Revenue from local sources Revenue from the use of money \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: \$ - \$ 231,021 \$ 231,021 Other miscellaneous revenue \$ - \$ 187,343 \$ 187,343 Total revenue from local sources \$ - \$ 418,364 \$ 418,364	Total other local taxes	\$	887,736	\$	508,746	\$	508,746	\$		
Other miscellaneous \$ 2,500 \$ 2,500 \$ - \$ (2,500) Total revenue from local sources \$ 890,236 \$ 511,246 \$ 508,746 \$ (2,500) Categorical aid: Wireless board reimbursement \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Nonmajor Capital Projects Funds: Section Construction Fund Section Capital Projects Funds: School Construction Fund: Revenue from local sources: Revenue from local sources: Revenue from local sources Revenue from the use of money \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: \$ - \$ 231,021 \$ 231,021 Other miscellaneous revenue \$ - \$ 187,343 \$ 187,343 Total revenue from local sources \$ - \$ 418,364 \$ 418,364	Miscellaneous revenue:									
Total revenue from local sources \$890,236 \$511,246 \$508,746 \$(2,500)		\$	2,500	\$	2,500	\$	-	\$	(2,500)	
Categorical aid: Wireless board reimbursement \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total E-911 Fund \$ 963,204 \$ 584,214 \$ 577,725 \$ (6,489) Nonmajor Capital Projects Funds: School Construction Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money and property \$ - \$ 231,021 \$ 231,021 Total revenue from use of money and property \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: Other miscellaneous \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue \$ - \$ - \$ 187,343 \$ 187,343 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364 Total School Co										
Wireless board reimbursement Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Nonmajor Capital Projects Funds: School Construction Fund: Revenue from use of money and property: Revenue from use of money and property: Revenue from the use of money and property \$ - \$ 231,021 \$ 231,021 <td r<="" td=""><td>Total revenue from local sources</td><td></td><td>890,236</td><td>\$</td><td>511,<u>246</u></td><td>\$</td><td>508,746</td><td>\$</td><td>(2,500)</td></td>	<td>Total revenue from local sources</td> <td></td> <td>890,236</td> <td>\$</td> <td>511,<u>246</u></td> <td>\$</td> <td>508,746</td> <td>\$</td> <td>(2,500)</td>	Total revenue from local sources		890,236	\$	511, <u>246</u>	\$	508,746	\$	(2,500)
Wireless board reimbursement Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Total revenue from the Commonwealth \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989) Nonmajor Capital Projects Funds: School Construction Fund: Revenue from use of money and property: Revenue from use of money and property: Revenue from the use of money and property \$ - \$ 231,021 \$ 231,021 <td r<="" td=""><td>Categorical aid:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td>	<td>Categorical aid:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Categorical aid:								
Total categorical aid \$ 72,968 \$ 72,968 \$ 68,979 \$ (3,989)		\$	72,968	\$	72,968	\$	68,979	\$	(3,989)	
Total E-911 Fund \$ 963,204 \$ 584,214 \$ 577,725 \$ (6,489)	Total categorical aid	\$	72,968	\$	72,968	\$	68,979	\$		
Total E-911 Fund \$ 963,204 \$ 584,214 \$ 577,725 \$ (6,489)				_						
Nonmajor Capital Projects Funds: School Construction Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money \$ - \$ - \$ 231,021 \$ 231,021 Total revenue from use of money and property \$ - \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: Other miscellaneous \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue - \$ - \$ 418,364 \$ 418,364 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364	Total revenue from the Commonwealth	_\$_	72,968	\$	72,968	\$	68, <u>979</u>	\$	(3,989)	
School Construction Fund: Revenue from local sources: Revenue from use of money and property: \$ - \$ - \$ 231,021 \$ 231,021 Revenue from the use of money Total revenue from use of money and property \$ - \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: 0ther miscellaneous \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue \$ - \$ 187,343 \$ 187,343 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364	Total E-911 Fund	\$	963,204	\$	584,214	\$	577,725	\$	(6,489)	
Revenue from use of money and property: \$ - \$ - \$ 231,021 \$ 231,021 Total revenue from use of money and property \$ - \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: Other miscellaneous Other miscellaneous revenue \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue \$ - \$ 418,364 \$ 418,364 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364	School Construction Fund:									
Revenue from the use of money										
Total revenue from use of money and property \$ - \$ - \$ 231,021 \$ 231,021 Miscellaneous revenue: Other miscellaneous Other miscellaneous revenue - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue - \$ - \$ 418,364 \$ 418,364 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364				•		•	004 004		004 004	
Miscellaneous revenue: Other miscellaneous \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue \$ 187,343 \$ 187,343 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364		\$		\$	<u> </u>					
Other miscellaneous \$ - \$ - \$ 187,343 \$ 187,343 Total miscellaneous revenue - - - 187,343 187,343 Total revenue from local sources \$ - \$ - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364	ι όται revenue ποπ use οτ money and property	<u> </u>	-	<u> </u>		-	231,021	Φ_	231,021	
Total miscellaneous revenue - - 187,343 187,343 Total revenue from local sources \$ - - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - - \$ 418,364 \$ 418,364	Miscellaneous revenue:									
Total miscellaneous revenue - - 187,343 187,343 Total revenue from local sources \$ - - \$ 418,364 \$ 418,364 Total School Construction Fund \$ - - \$ 418,364 \$ 418,364	Other miscellaneous	\$	-	\$	-	\$	187,343	\$	187,343	
Total School Construction Fund \$ - \$ - \$ 418,364 \$ 418,364	Total miscellaneous revenue						187,343		187,343	
	Total revenue from local sources	_\$_	-	\$		\$	418,364	\$	418,364	
Total Primary Government \$ 60,156,187 \$ 67,555,856 \$ 68,654,200 \$ 1,098,344	Total School Construction Fund	_\$	<u>-</u> _	\$		\$	418,364	\$	418,364	
	Total Primary Government	\$	60,156.187	\$	67,555,856	\$	68,654,200	\$	1,098,344	

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:								
Special Revenue Funds: School Operating Fund:								
Revenue from local sources:								
Charges for services:								
Other charges for education	\$	-	\$	-	\$	55,407	\$	55,407
Cafeteria sales		1,864,060		1,864,060	•	1,794,554	-	(69,506)
Cannery fees	•	-		-		14,230		14,230
Total charges for services	\$	1,864,060	\$	1,864,060	\$	1,864,191	\$	131
Discretely Presented Component Unit - School Board: (Continued) Special Revenue Funds: (Continued) School Operating Fund: (Continued) Revenue from local sources: (Continued)								
Miscellaneous revenue:	¢	108,982	¢	108,982	æ	146 467	œ	27 405
Miscellaneous Total miscellaneous revenue	<u>\$</u>	108,982	<u>\$</u> \$	108,982	\$	146,467 146,467	_ <u>\$</u> _ \$	37,485 37,485
rotal miscellaneous revenue	<u> </u>	100,302	Ψ_	100,302	φ	140,407	_	31,400
Recovered costs:								
Insurance recoveries and rebates	\$	10,131	\$	10,131	\$	20,555	\$	10,424
Sale of supplies		-		-		28,180		28,180
Sale of school buses		-		-		5,450		5,450
Sale of other equipment		13,618		13,618		41,315		27,697
Other recovered costs						268,780		268,780
Total recovered costs	_\$_	23,749	\$	23,749	\$	364,280		340,531
Total revenue from local sources	\$	1,996,791	\$	1,996,791	\$	2,374,938	\$	378,147
Revenues from local governments:								
Contribution from County of Franklin, Virginia	\$	30,432,942	\$	25,211,065	\$	25,640,822	\$	429,757
Payments from other localities		258,026	,	258,026		432,755	\$	174,729
Total revenues from local governments	\$	30,690,968	\$	25,469,091	\$	26,073,577	\$	604,486
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid:								
Adult literacy	\$	-	\$	-	\$	142,654	\$	142,654
Adult secondary education		12,305		-		24,180		24,180
At risk four-year olds		434,511		458,651		458,651		-
At risk payments		432,164		-		439,259		439,259
Basic school aid		18,618,705		18,514,408		19,365,245		850,837
E-rate rebate		175,000		175,000		158,473		(16,527)
Early reading intervention		68,112		68,112		59,806		(8,306)
English as a second language		78,018		78,313		72,835		(5,478)
GED funds		470.000		-		49,052		49,052
Gifted and talented		173,829		173,829		176,779		2,950
Homebound education		-		-		16,755 8,965		16,755 8,965
Mentor teacher program		- 531 663		- 529 774		552,455		23,681
Primary class size Race to GED		531,663		528,774		42,408		42,408
Regular foster care		164,218		192,536		66,817		(125,719)
Regular loster care Remedial education		399,806		399,806		406,591		6,785
Remedial summer education		145,393		145,393		168,001		22,608
Retirement fringe benefits		1,394,975		1,342,826		1,365,617		22,791
Salary supplement		499,757		495,412		503,820		8,408
Galary Supplement		433,131		730,412		JUJ,020		0,400

Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>	<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued) Special Revenue Funds: (Continued)							
School Operating Fund: (Continued)							
Intergovernmental revenues: (continued)							
Revenue from the Commonwealth: (Continued)							
Categorical aid: (Continued)							
School construction	\$	190,300	\$	190,300	\$ 189,832	\$	(468)
School food		40,933		40,933	54,188		13,255
Share of state sales tax		7,763,199		7,863,199	7,442,491		(420,708)
Social security fringe benefits		1,060,354		1,060,354	1,078,351		17,997
Special education		2,594,392		2,594,392	2,638,425		44,033
Special education - foster children		-		431,922	107,970		(323,952)
Special education-regional program		344,017		344,017	317,235		(26,782)
Standards of Learning algebra readiness		63,089		63,089	59,524		(3,565)
State lottery payments		991,954		1,011,814	1,024,478		12,664
Technology		440,000		440,000	440,000		
Textbook payment		435,788		435,788	443,185		7 ,397
Vocational adult education		538,869		538,869	588,335		49,466
Vocational education - equipment		26,076		26,076	17,054		(9,022)
Vocational occupational preparedness		-		<u>.</u>	23,039		23,039
Other state funds		93,107		84,416	 276,812		192,396
Total categorical aid	_\$	37,710,534	\$_	37,698,229	\$ 38,779,282	_\$_	1,081,053
Total revenue from the Commonwealth	\$	37,710,534	\$	37,698,229	\$ 38,779,282	\$	1,081,053
Revenue from the federal government:							
Categorical aid:							
Adult basic education	\$	90,712	\$	103,017	\$ 473,730	\$	370,713
Advanced placement grant		-		-	572		572
Drug free schools		41,116		41,116	34,594		(6,522)
Even Start Family Literacy		125,000		125,000	132,440		7,440
Learn and serve grant		90,442		-	45,000		45,000
Literacy challenge grant		31,916		31,916	31,992		76
Title II		346,886		346,886	345,899		(987)
Learning grant		172,337		132,484	103,476		(29,008)
Reading first		127,198		127,198	394,250		267,052
Refugee children		-		-	-		-
School food		1,368,479		1,368,479	1,650,399		281,920
Title I		1,643,281		1,643,281	1,543,428		(99,853)
Title VI		37,857		37,857	29,401		(8,456)
Title VI-B, special education flow-through		1,793,700		1,961,584	1,499,008		(462,576)
Title VI-B, special education pre-school		37,589		-	37,998		37,998
Vocational education		144,834		144,834	139,810		(5,024)
Total categorical aid	_\$	6,051,347	\$	6,063,652	\$ 6,461,997	\$	398,345
Total revenue from the federal government	_\$_	6,051,347	\$	6,063,652	\$ 6,461,997	\$	398,345
Total Discretely Presented Component Unit - School Board	\$	76,449,640	\$	71,227,763	\$ 73,689,794	\$	2,462,031

Fund, Function, Activity, and Element		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund:								
General government administration:								
Legislative:	•	4 505 054		550.040		507.040		00 570
Board of supervisors	_\$_	1,587,25 <u>1</u>	\$	550,210	<u>\$</u>	<u>527,640</u>	\$	22,570
General and financial administration:								
County administrator	\$	354,340	\$	418,533	\$	389,983	\$	28,550
Risk management		282,250		282,250		273,235		9,015
Human resources		242,748		289,924		83,153		206,771
County planner		-		65,000		15,000		50,000
Land use		34,987		34,987		34,688		299
Commissioner of revenue		545,260		527,822		452,241		75,581
Reassessment		150,000		396,703		409,372		(12,669)
Treasurer		438,085		438,385		438,558		(173)
Finance		312,573		272,961		238,070		34,891
		919,231		952,138		852,606		99,532
Information technology								•
Telecommunications		62,700	•	62,700	Φ.	55,591	Φ.	7,109
Total general and financial administration	_\$_	3,342,174	\$	3,741,403	\$	3,242,497	\$	498,906
Board of elections:								
Registrar	\$	135,477	\$	155,416	\$	139,344	\$	16,072
Electoral board and officials		45,375		44,115		29,534		14,581
Total board of elections	\$	180,852	\$	199,531	\$	168,878	\$	30,653
Total general government administration	\$	5,110,277	\$	4,491,144	\$	3,939,015	\$	552,129
Judicial administration:								
Courts:								
Circuit court	\$	88,688	\$	94,689	\$	91,262	\$	3,427
General district court	•	11,243	*	11,243	•	17,906	•	(6,663)
Law library		15,000		24,765		9,927		14,838
Special magistrates		2,975		2,975		688		2,287
Juvenile and domestic relations court		468,462		458,338		420,149		38,189
Juvenile court services		48,926		63,903		61,371		2,532
Sheriff-courts		532,710		532,710		458,037		74,673
Clerk of the circuit court		545,040		628,032		581,684		46,348
Total courts		1,713,044	\$	<u>1,816,655</u>	\$	1,641,024	\$	175,631
Commonwealth's attorney:								
Commonwealth's attorney		560,252		593,262		573,094	\$	20,168
Total commonwealth's attorney	\$	560,252	\$	593,262	\$	573,094		20,168
Total judicial administration	_\$_	2,273,296	\$	2,409,917	\$_	2,214,118	\$	195,799
Dublic cofety								
Public safety: Law enforcement and traffic control:								
Sheriff	¢	3,512,960	¢	4,818,544	\$	3,390,129	2	1,428,415
Total law enforcement and traffic control	\$		\$	4,818,544	\$	3,390,129	\$	1,428,415
rotariaw eniorcement and trainc control	_Φ	3,312,800	Ψ	4,010,044	Ψ_	3,380,128	Ψ	1,420,410
Correction and detention:								
County operated institutions	\$	2,150,902		2,568,648		3,156,508		(587,860)
Total correction and detention	\$	2,150,902	\$	2,568,648	\$	3,156,508	\$_	(587,860)

Fund, Function, Activity, and Element		Original Budget		Final <u>Budget</u>		<u>Actual</u>	Fir	riance with nal Budget - Positive <u>Negative)</u>
General Fund: (Continued)								
Public safety: (Continued)								
Inspections:	¢	410,602	œ	434,506	¢	388,754	¢	45 750
Building Total inspections	\$	410,602	\$	434,506	\$ \$	388,754	\$ \$	45,752 45,752
Other protection:								
Animal control	\$	172,071	\$	206,992	\$	225,361	\$	(18,369)
Director of public safety		1,907,157		1,699,024		1,832,571		(133,547)
Department of forestry		13,336		13,336		13,337		(1)
Emergency medical services		-		1,042,508		541,069		501,439
Asset forfeiture		25,000		99,791		50,306		49,485
E-911		100,000		974,462		647,702		326,760
Total other protection	\$	2,217,564	\$	4,036,113	\$	3,310,346	\$	725,767
Total public safety	_\$_	8,292,028	\$	11,857,811	\$	10,245,737	\$	1,612,074
Public works:								
Maintenance of highways, streets, bridges and sidewalks:								
Highways, streets, bridges and sidewalks	\$	450	\$	74,046		73,596	\$_	450
Total maintenance of highways, streets, bridges & sidewalks	_\$_	450	\$	74,046	\$	73,596	\$	450
Sanitation and waste removal:								
Refuse collection and disposal	\$	1,679,392	\$	5,646,382	\$	1,496,215	\$	4,150,167
Scale house		45,605		45,605		42,889		2,716
Recycling program		77,361		77,361		62,978		14,383
Total sanitation and waste removal	\$	1,802,358	\$	5,769,348	\$	1,602,082	\$	4,167,266
Maintenance of general buildings and grounds:								
General properties	\$	1,749,819	\$	2,299,536	\$	1,877,718	\$	421,818
Mechanic		171,560		171,560		188,459		(16,899)
Armory		33,250		33,250		21,478		11,772
Courthouse maintenance		14,000	_	505		-		505
Total maintenance of general buildings and grounds	_\$_	1,954,629	\$	2,504,346	\$	2,087,655	\$	416,691
Total public works	\$	3,757,437	\$	8,347,740	\$	3,763,333	\$_	4,584,407
Health and welfare: Health:								
Supplement of local health department	\$	309,852	\$	309,852	\$	309,853	\$	(1)
Total health	\$	309,852		309,852		309,853		(1)
Mental health and mental retardation:								
Developmental Center of Franklin	\$	49,000	\$	49,000	\$	49,000	\$	_
Total mental health and mental retardation	\$	49,000		49,000		49,000		
		,	-		•	- 1		

Fund, Function, Activity, and Element		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued) Health and welfare: (Continued) Welfare:								
Public assistance and welfare administration Youth services agency Family resource center Area agency on aging	\$	4,447,166 3,340,476 254,545 269,083	\$	4,628,573 3,836,090 301,631 269,083	\$	4,787,179 3,946,099 261,378 256,990	\$	(158,606) (110,009) 40,253 12,093
Contribution to Special Welfare fund Assistance - institutions		59,290 15,270	•	59,290 15,270	•	59,290 15,270	<u> </u>	- (040,000)
Total welfare Total health and welfare	<u>\$</u> \$	8,385,830 8,744,682	<u>\$</u> \$	9,109,937	_\$ \$	9,326,206 9,685,059	<u>\$</u> \$	(216,269) (216,270)
Education:				-,,			•	<u> </u>
Other instructional costs: Contribution to County School Board Total education	<u>\$</u> _	26,489,637 26,489,637	\$	26,489,637 26,489,637	\$	25,640,822 25,640,822		848,815 848,815
Parks, recreation, and cultural:	Ψ_	20,403,037	Ψ	20,403,037	Ψ	20,040,022	Ψ	040,010
Parks and recreation: Parks and recreation	\$	1,186,113	_	2,452,539		1,601,042		851,497
Total parks and recreation Library:	\$	1,186,113	\$	2,452,539	\$_	1,601,042	\$	851,497
Library administration Total library	\$	600,010 600,010	\$ \$	818,363 818,363	\$	699,664 699,664	\$	118,699 118, <u>6</u> 99
Total parks, recreation, and cultural	\$	1,786,123	\$	3,270,902	\$	2,300,706	\$	970,196
Community development: Planning and community development:								
Community development Ferrum T-21 project WFDC-tobacco grant	\$	602,773 - -	\$	679,607 15,000 -	\$	628,255 73 1,194	\$	51,352 14,927 (1,194)
Economic development Tourism		647,614 67,000		5,257,743 200,516		2,275,852 202,952		2,981,891 (2,436)
Workforce development grant Public works GIS and mapping		343,521 131,286		6,043,753 358,521 146,991		4,404,312 257,307 103,941		1,639,441 101,214 43,050
4-H youth IPR grant Planning		6,000 150,000 185,246		6,000 150,000 232,877		6,000 20,254 172,609		129,746 60,268
Contributions to other entities Total planning and community development	\$	148,800 2,282,240	\$	155,799 13,246,807	\$	155,799 8,228,548	\$	5,018,259
Environmental management: Contribution to soil and water district	<u>\$</u>	177,649	\$	217,902		208,603		9,299
Total environmental management Cooperative extension program:	<u> </u>	177,649	Þ	217,902	\$	208,603	Φ_	9,299
Extension office Total cooperative extension program	\$	94,484 94,484	\$ \$	94,484 94,484	\$	72,921 72,921	\$ \$	21,563 21,563
Total community development	\$	2,554,373	\$_	13,559,193	\$_	8,510,072	\$_	5,049,121

Fund, Function, Activity, and Element		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued) Nondepartmental:								
Contingencies	¢	455,300	\$	293,119	\$	40,097	\$	253,022
Total nondepartmental	<u>\$</u> \$	455,300	\$	293,119	\$	40,097	\$	253,022
rodinondoparanonai	<u> </u>	100,000	<u> </u>	200,110	Ť	10,001		200,022
Capital projects:								
Career center	\$	174,331	\$	222,811	\$	131,011	\$	91,800
Total capital projects	\$	174,331	\$	222,811	\$	131,011	\$	91,800
Debt service:								
Principal retirement	\$	631,865	\$	666,353	\$	2,076,767	\$	(1,410,414)
Interest and other fiscal charges	•	772,665	•	1,609,153	•	1,232,658	\$	376,495
Total debt service	\$	1,404,530	\$	2,275,506	\$	3,309,425	\$	(1,033,919)
	_	04.040.044	_		_	20 772 205	•	<u>.</u>
Total General Fund	<u>\$</u>	61,042,014	\$	82,686,569	\$	69,779,395	\$	12,907,174
Nonmajor Special Revenue Fund: E-911 Fund: Public safety: Other protection:								
E-911 Administration	¢	917,431	¢	917,103	¢	879,577	¢	37,526
Total other protection	\$	917,431	\$	917,103	\$	879,577	\$	37,526
Total datas protocular		011,101			<u> </u>	0.0,0	<u> </u>	01,020
Total public safety	\$	917,431	\$	917,103	\$	879,577	\$	37,526
Total E-911 Fund	\$	917,431	\$	917,103	\$	879,577	\$	37,526
Nonmajor Capital Projects Funds: School Construction Fund Capital projects:								
Capital projects expenditures:	¢		œ		œ	390,906	\$	(390,906)
Capital projects expenditures Total capital projects	<u>\$</u> \$		<u>\$</u> \$	<u>-</u>	<u>\$</u> \$	390,906	\$	(390,906)
Total capital projects	_Ψ_		Ψ		Ψ	330,300	Ψ	(330,300)
Total School Construction Fund	\$	-	\$	-	\$	390,906	\$	(390,906)
Total Primary Government	\$	61,959,445	\$	83,603,672	\$	71,049,878	\$	12,553,794
Discretely Presented Component Unit - School Board Special revenue funds: School Operating Fund: Education:								
Administration of schools:	¢	1 0/12 100	¢	1,943,190	¢	936,344	¢	1,006,846
Administration cost Total administration of schools	<u>\$</u> \$	1,943,190 1,943,190		1,943,190		936,344		1,006,846
าง(ผาผมแบบเวเนเงา งา รังกับปีรั	Ψ	1,070,100	Ψ	1,0-10, 100	Ψ	000,074	Ψ	1,000,070
Instruction costs:								
Instruction cost	\$	51,743,343	\$	51,607,578	\$	53,402,894	\$	(1,795,316)
Total instruction costs	\$	51,743,343	\$	51,607,578	\$	53,402,894	\$	(1,795,316)
								_

Fund, Function, Activity, and Element	Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board (Continued) Special revenue funds: (Continued) School Operating Fund: (Continued) Education: (Continued) Operating costs:							
Pupil transportation Operation and maintenance of school plant School food and non-instructional Facilities	\$ 5,533,573 6,654,342 3,273,472 4,814,436	\$	5,533,573 6,631,542 3,273,472	\$	5,683,533 6,850,222 3,602,333 1,756,803	\$	(149,960) (218,680) (328,861) (1,756,803)
Total operating costs Total education	\$ 20,275,823 73,962,356	\$ \$	15,438,587 68,989,355	\$ \$	17,892,891 72,232,129	\$ \$	(2,454,304)
Total Discretely Presented Component Unit - School Board	\$ 73,962,356	\$	68,989,355	\$	72,232,129	\$	(3,242,774)

Statistical Section

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 5
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	6 - 9
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	10 - 12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13 - 14
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	15 - 17

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

COUNTY OF FRANKLIN, VIRGINIA

Table 1

Net Assets by Component Last Five Fiscal Years (accrual basis of accounting)

	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	13,158,358	16,145,464	16,433,828	13,464,803	13,726,563
Restricted	- · · · · -	134,201	200,123	174,252	6,822,191
Unrestricted	18,036,357	17,381,645	21,556,678	32,261,985	28,843,796
Total governmental activities net assets	31,194,715	33,661,310	38,190,629	45,901,040	49,392,550
Business-type activities					
Invested in capital assets, net of related debt Restricted	-	551,803	628,315	1,547,373	1,724,684
Unrestricted	_	(315,892)	1,667,338	1,758,683	1,916,298
Total business-type activities net assets		235,911	2,295,653	3,306,056	<u>3,640,982</u>
Primary government					
Invested in capital assets, net of related debt	13,158,358	16,697,267	17,062,143	15,012,176	15,451,247
Restricted	-	134,201	200,123	174,252	6,822,191
Unrestricted	<u> 18,036,357</u>	<u>17,065,753</u>	23,224,016	34,020,668	30,760,094
Total primary government net assets	31,194,715	33,897,221	40,486,282	49,207,096	53,033,532

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

Changes in Net Assets Last Five Fiscal Years (accrual basis of accounting)

	2003	2004	2005	2006	2007
Expenses			_		
Governmental activities:					
General government	2,715,918	2,991,740	3,004,469	3,463,168	4,157,343
Judicial administration	1,628,330	1,891,174	1,970,309	3,326,151	2,160,555
Public safety	6,997,025	7,759,941	8,205,130	8,464,171	10,347,921
Public works	1,609,720	1,290,295	2,012,628	986,891	1,982,292
Health and welfare	5,772,246	7,107,058	7,486,945	8,070,657	9,732,455
Education	21,540,338	21,027,314	23,380,369	24,078,623	28,332,013
Parks, recreation and cultural	1,045,509	976,713	1,078,612	1,284,696	1,656,664
Community development	3,363,765	2,545,117	1,706,253	1,887,256	3,873,631
Interest on long-term debt	1,084,452	988,256	943,084	1,274,457	1,435,334
Total governmental activities expenses	45,757,303	46,577,608	49,787,799	52,836,070_	63,678,208
Business-type activities:					
Water	-	480,817	60,868	413,450	581,355
Total business-type activities expenses		480,817	60,868	<u>413,450</u>	<u>581,355</u>
Total primary government expenses	<u>45,7</u> 57,303	47,058,425	49,848,667	53,249,520	64,259,563
Program Revenues					
Governmental activities:					
Charges for services:					
General government	-	30	183,138	-	45,684
Judicial administration	43,924	380,442	313,868	788,901	200,374
Public safety	56,304	451,852	508,486	463,421	1,317,116
Public works	685,487	811,993	919,688	920,146	947,685
Health and welfare	26,059	184,900	180,009	19,005	25,398
Education	-	-	-	-	-
Parks, recreation and cultural	45,783	72,615	84,531	86,633	85,315
Community development	18,382	149,187	-	293,449	286,174
Operating grants and contributions	8,351,117	9,471,293	9,288,324	10,348,984	11,965,531
Capital grants and contributions		592,704_	832,018	412,417	854,268_
Total governmental activities program revenues	9,227,056	12,115,016	12,310,062	13,332,956	15,727,545
Business-type activities:					
Charges for services:					4.4- 4
Water	-	6,325	37,496	333,003	145,464

Operating grants and contributions Capital grants and contributions	-	- 158,600	- 015 400	- 422,022	-
			915,400		141,761
Total business-type activities program revenues		164,925	952,896	755,025	287,225
Total primary government program revenues	9,227,056	12,279,941	13,262,958	14,087,981	16,014,770
Net (expense) / revenue Governmental activities Business-type activities	(36,530,247)	(34,462,592) (315,892)	(37,477,737) 892,028	(39,503,114) 341,575	(47,950,663) (294,130)
Total primary government net expense	(36,530,247)	(34,778,484)	(36,585,709)	(39,161,539)	(48,244,793)
General Revenues and Other Changes in Net Assets Governmental activities: Taxes					-
Property taxes Local sales and use taxes Taxes on recordation and wills Motor vehicle licenses taxes	22,839,897	23,919,026 3,468,199 474,457 1,195,147	28,631,256 3,795,054 917,206 1,237,090	30,887,533 4,163,629 993,726 1,265,605	32,824,967 4,242,805 842,747 1,279,225
Consumer utility taxes Business licenses taxes		2,412,622 3,922	2,427,461 3,394	2,468,539 4,261	1,715,239 4, 998
Other local taxes Permits, privilege fees and regulatory licenses Unrestricted grants and contributions Unrestricted revenues from use	8,437,529 443,193 3,330,174	1,640,641 - 3,462,993	1,758,704 2,973,473	2,078,429 3,579,663	2,975,802 5,351,267
of money and property Miscellaneous Transfers	444,966 635,270 36,045	325,696 578,287 (271,507)	610,065 793,590 (1,140,237)	1,293,731 1,122,032 (643,621)	2,532,079 356,373 (347,878)
Total governmental activities	<u>36,167,074</u>	<u>37,209,483</u>	42,007,056	47,213,527	51,777,624
Business-type activities: Unrestricted grants and contributions Transfers Unrestricted revenues from use of money and property	-	- 271,507 -	_ 1,140,237 _27,477_	- 643,621 25,207	137,663 347,878 21,332
Total business-type activities		271,507	1,167,714	668,828	506,873
Total primary government	36,167,074	37,480,990	43,174,770	47,882,355	52,284,497
Change in Net Assets Governmental activities Business-type activities	(363,173)	2,746,891 (44,385)	4,529,319 2,059,742	7,710,413 1,010,403	3,826,961 212,743
Total primary government	(363,173)	2,702,506	6,589,061	8,720,816	4,039,704

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

COUNTY OF FRANKLIN, VIRGINIA

Table 3

Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund Reserved Unreserved	- _15,250,140	- _16,383,147_	- 1 <u>7,</u> 196,618	_ _19,109,944	- 18,485,155	- 18,756,057	11,379 19,026,439	33,436 23,649,911	85,811 35,092,881	221,133 31,908,499
Total general fund	15,250,140	16,383,147	17,196,618	19,109,944	18,485,155	18,756,057	19,037,818	23,683,347	35,178,692	32,129,632
All other governmental funds Reserved Unreserved, reported in:							122,822	2,237,117	88,441	6,632,094
Special revenue funds	108,400	218,544	137,428	136,330	45,496	288,363	-	-	-	-
Capital projects funds Debt service funds Permanent funds	3,048,054	2,094,089	2,862,106 - 	2,808,993 - 	2,639,442 - 	1,129,671 - -	627,965 - 	556,871 - 	- - -	- - -
Total all other governmental funds	3,156,454	2,312,633	2,999,534	2,945,323	2,684,938	<u>1,418,034</u>	750,787	2,793,988	88,441	6,632,094

COUNTY OF FRANKLIN, VIRGINIA

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Note: FY 2006 and prior years include the Component Unit School Board

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
General property taxes	17,571,547	18,318,491	18,299,563	20,400,584	20,776,235	22,799,617	23,728,713	28,585,380	30,818,386	32,707,564
Other local taxes	5,807,801	6,282,585	6,756,077	7,616,475	7,738,185	8,437,529	9,194,988	10,138,909	10,974,189	11,060,816
Permits, privilege fees and regulatory licenses	268,425	331,334	325,306	315,694	342,874	443,193	535,956	620,966	764,826	691,500
Fines and forfeitures	8,693	10,892	5,884	8,922	6,009	5,488	26,594	23,516	16,968	16,378
Revenue from use of money and property	887,208	1,054,254	1,129,429	1,828,072	983,815	459,049	335,508	626,119	1,319,687	2,532,079
Charges for services	2,041,772	2,263,705	2,209,296	2,173,111	2,161,503	2,267,154	2,968,197	3,164,906	3,628,164	2,199,868
Miscellaneous	628,419	649,967	746,410	938,870	941,233	1,117,340	1,100,148	1,329,195	1,750,210	543,716
Recovered costs	755,559	486,875	1,027,833	619,277	828,401	656,811	1,194,949	907,568	1,782,271	731,213
Intergovemmental:										
Commonwealth	25,628,620	28,907,447	32,153,858	35,347,353	36,032,514	36,231,910	38,803,598	42,650,111	45,471,082	14,723,153
Federal	4,516,666	5,008,097	5,315,848	5,744,328	6,047,396	6,452,040	7,229,534	8,668,290	9,135,829	3,447,913
Total revenues	58,114,710	63,313,647	67,969,504	74,992,686	75,858,165	78,870,131	85,118,185	96,714,960	105,661,612	68,654,200
							_		_	
Expenditures	4 000 007	0.400.540								
General government administration	1,806,807	2,182,542	2,293,779	2,281,829	2,441,919	2,707,339	2,971,402	3,491,287	3,591,991	3,939,015
Judicial administration	960,971	1,185,261	1,420,223	1,482,185	1,719,941	1,692,142	1,929,484	2,014,628	2,082,436	2,214,118
Public safety	5,013,178	5,707,617	5,727,227	6,772,877	6,796,796	7,093,902	7,956,964	8,012,239	10,499,222	11,125,314
Public works	937,765	1,275,032	1,070,664	1,576,674	1,759,923	1,723,695	2,131,223	2,024,491	2,567,643	3,763,333
Health and welfare	3,402,812	3,707,451	4,808,838	5,183,115	5,578,251	5,851,028	7,083,647	7,472,930	8,383,152	9,685,059
Education	37,112,540	40,765,517	44,489,647	48,402,552	50,477,643	52,026,264	54,975,876	61,488,183	66,045,924	25,640,822
Parks, recreation and cultural	813,025	896,967	1,022,702	1,068,034	945,366	1,224,957	2,393,733	2,019,168	1,616,131	2,300,706
Community development	773,142	2,237,929	840,493	907,132	1,370,015	3,545,022	2,963,825	1,818,675	1,765,265	8,510,072
Nondepartmental	4 040 000	4 707 004	4.000.055	0.000.707	4.504.004	770 005		040 000	0.005.505	40,097
Capital projects	4,216,093	1,707,034	4,623,355	8,903,737	4,561,691	778,025	-	619,332	3,265,505	521,917
Debt service	4 005 550	0.050.070	0.070.000	0.700.040	0.700.470	0.000.550	4.005.005	4 000 075	4 0 40 4 40	2 070 707
Principal	4,665,552	2,259,873	2,372,360	9,769,940	2,783,178	2,233,556	1,985,865	1,806,075	1,848,143	2,076,767
Interest and other fiscal charges	<u>1,251,575</u>	<u>973,926</u>	1,198,965	1,042,306_	1,276,851	1,126,740	1,026,506	961,179	1,035,008	1,232,658_
Total expenditures	60,953,460	62,899,149	69,868,253	<u>87,390,381</u>	<u>79,711,574</u>	80,002,670	<u>85,418,525</u>	91,728,187	102,700,420_	71,049,878
Excess of revenues over (under) expenditures	(2,838,750)	414,498	(1,898,749)	(12,397,695)	(3,853,409)	(1,132,539)	(300,340)	4,986,773	2,961,192	(2,395,678)
Other financing sources (uses)										
Transfers in	46,759	-	-			-	604,185	416,279	807,277	1.094.447
Transfers out	•	_	-	-		-	(875,692)	(1,556,516)	(1,450,896)	(1,442,325)
Bonds issued	2,680,000	10,105,088	10,900,000	6,853,636	1,060,611	_	-	2,689,762	6,500,000	6,573,600
Capital leases	-,,-	-	-	-, ,	-	-	272,235	234,024	234,332	
Sale of capital assets			10,589_	10,275						
Total other financing sources (uses)	2,726,759	10,105,088	10,910,589	6,863,911	1,060,611	<u> </u>	728	1,783,549	6,090,713_	6,225,722
Net change in fund balances	(111,991)	10,519,586	9,011,840_	(5,533,784)	(2,792,798)	(1,132,539)	(299,612)	6,770,322	9,051,905	3,830,044
Debt service as a percentage of										
noncapital expenditures	12%	6%	6%	16%	6%	4%	4%	3%	3%	5%
•										
	5,917,127	3,233,799	3,571,325	10,812,246	4,060,029	3,360,296	3,012,371	2,767,254	2,883,151	3,309,425
	50,820,240	57,958,316	61,673,573	67,674,398	71,089,854	7 5,864,349	82,406,154	88,341,601	96,551,764	67,178,439

General Governmental Tax Revenues by Source Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal <u>Year</u>	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2007	32,707,564	4,242,805	1,715,239	1,279,225	842,747	NA	40,787,580
2006	30,818,386	4,163,629	1,880,168	1,265,605	993,726	NA	39,121,514
2005	28,585,380	3,795,054	2,231,212	1,237,090	917,206	NA	36,765,942
2004	23,728,713	3,468,199	2,220,250	1,195,147	474,457	NA	31,086,766
2003	22,799,617	3,219,293	1,963,300	1,161,540	406,001	NA	29,549,751
2002	20,776,235	3,285,950	1,772,190	928,387	320,890	NA	27,083,652
2001	20,400,584	3,364,569	1,799,513	904,076	238,917	NA	26,707,659
2000	18,299,563	2,892,372	1,537,038	870,657	206,476	NA	23,806,106
1999	18,318,491	2,543,409	1,533,898	845,831	252,560	NA	23,494,189
1998	17,571,547	2,297,569	1,511,067	808,570	188,532	NA	22,377,285

COUNTY OF FRANKLIN, VIRGINIA

Table 6

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property/ Mobile Homes	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	4,807,045,787	650,618,707	102,235,038	5,559,899,532	5,473,576,675	101.58%
2006	4,585,493,371	597,474,085	116,612,320	5,299,579,776	5,247,621,108	100.99%
2005	4,382,613,489	532,486,457	123,952,019	5,039,051,965	4,862,156,452	103.64%
2004	3,020,413,294	516,158,225	114,165,109	3,650,736,628	3,570,721,262	102.24%
2003	2,889,431,935	498,164,448	114,645,858	3,502,242,241	3,402,529,942	102.93%
2002	2,746,712,053	501,931,899	119,385,761	3,368,029,713	3,317,207,813	101.53%
2001	2,652,573,388	471,218,672	117,823,499	3,241,615,559	3,080,072,572	105.24%
2000	2,235,349,548	443,177,566	96,965,856	2,775,492,970	2,677,432,837	103.66%
1999	2,159,381,113	421,983,233	98,194,451	2,679,558,797	2,615,571,473	102.45%
1998	2,089,204,704	397,033,585	98,141,841	2,584,380,130	2,524,061,284	102.39%

Source: Commissioner of Revenue

Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

		Dire		Overlapping Rates Town of Rocky Mount			
Fiscal Years	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Real Estate	Personal Property	
2007	0.53	1.67	0.54	1.08	0.14	0.51	
2006	0.53	1.67	0.60	1.08	0.14	0.51	
2005	0.52	1.67	0.54	1.08	0.11	0.51	
2004	0.60	1.67	0.54	1.08	0.12	0.51	
2003	0.60	1.67	0.54	1.08	0.12	0.51	
2002	0.55	1.67	0.54	1.08	0.12	0.51	
2001	0.55	1.67	0.54	1.08	0.12	0.51	
2000	0.55	1.67	0.54	1.08	0.12	0.51	
1999	0.55	1.67	0.54	1.08	0.12	0.51	
1998	0.55	1.67	0.54	1.08	0.12	0.51	

⁽¹⁾ Per \$100 of assessed value

Principal Property Taxpayers Current Year and the Period Seven Years Prior (Data not available before June 30, 2006)

		Fiscal Year	2007	Fiscal Year 2000		
		2007		2000		
		Assessed	% of Total	Assessed	% of Total	
	Type	Valuation	Assessed	Valuation	Assessed	
Taxpayer	Business	(Millions)	<u>Valuation</u>	(Millions)	Valuation	
American Electric Power	Electric Utility	55	1.19%	48	2.15%	
Central Telephone Company	Telephone Utility	25	0.58%	24	1.07%	
Franklin Real Estate Company	Real Estate	25	0.52%	18	0.81%	
Bridgewater Pointe Partners LLC	Real Estate	18	0.37%			
Lake Watch LLC	Real Estate	16	0.33%			
Lowes Home Centers, Inc	Retail	15	0.31%			
Willard Construction Company	Construction	13	0.27%			
Windstar Properties LLC	Real Estate	11	0.23%			
Franklin Memorial Hospital	Health Care	9	0.19%			
Optima Properties	Real Estate	9	0.19%			
Willard Construction Company	Construction			17	0.76%	
Wal Mart	Retail			7	0.31%	
MW Manufacturers Inc.	Manufacturing			8	0.36%	
Lane Company	Manufacturing			8	0.36%	
Southgate Associates II LLP	Shopping Center			7	0.31%	
Snyder Hunt Corporation	Real Estate			5	0.22%	
Fleetwood Homes of Virginia	Manufacturing			5	0.22%	
	· ·	196	4.08%	147	6.58%	

Source: Commissioner of Revenue

COUNTY OF FRANKLIN, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years

Total Tax		Collected with Year of tl		Collections	Total Collections to Date		
Fiscal Year	Levy for Fiscal Year	Amount	Percentage of Levy	in Subsequent <u>Years</u>	Amount	Percentage of Levy	
2007	35,220,150	34,085,239	96.78%	1,085,155	35,170,394	99.86%	
2006	33,219,244	32,075,823	96.56%	966,584	33,042,407	99.47%	
2005	30,889,511	29,883,296	96.74%	550,783	30,434,079	98.53%	
2004	26,061,495	25,699,189	98.61%	520,400	26,219,589	100.61%	
2003	24,944,600	24,233,719	97.15%	375,537	24,609,256	98.66%	
2002	22,712,734	22,406,720	98.65%	424,327	22,831,047	100.52%	
2001	21,541,571	20,959,641	97.30%	400,790	21,360,431	99.16%	
2000	18,818,283	18,390,955	97.73%	462,471	18,853,426	100.19%	
1999	18,024,019	17,564,449	97.45%	392,736	17,957,185	99.63%	
1998	17,371,772	16,937,577	97.50%	361,628	17,299,205	99.58%	

Source: Commissioner of Revenue, County Treasurer's office

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

		Governmental A	Activities		Business-Typ	e Activities			
Fiscal Years	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2007	25,905,826	6,771,500	358,129	326,557	2,285,700	-	35,647,712	129233.29%	698
2006	20,667,755	7,385,250	180,274	454,046	2,429,600	-	38,502,175	144625.40%	769
2005	15,151,697	8,072,000	189,762	397,165	2,567,600	-	26,378,224	104472.35%	530
2004	13,490,375	8,792,200	-	410,338	2,700,000	-	25,392,913	100569.98%	518
2003	14,409,416	9,512,400	-	484,727	-	-	24,406,543	98704.02%	501
2002	12,289,500	10,301,500	-	954,662	-	-	24,500,324	101707.52%	511
2001	13,463,179	11,122,900	-	371,672	-	-	24,957,751	106493.22%	528
2000	11,629,703	19,456,800	-	192,468	-	-	31,278,971	141700.51%	680
1999	9,285,611	12,790,700	-	520,456	-	-	22,596,767	106277.71%	491
1998	9,980,423	8,374,600	-	507,053	-	-	18,862,076	92050.54%	417

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. (1) See the Schedule of Demographic and Economic Statistics - Table 13

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Gross and Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2007	33,003,883	-	33,003,883	0.59%	645.84
2006	28,507,051	-	28,507,051	0.54%	569.00
2005	23,223,697	-	23,223,697	0.46%	466.89
2004	22,282,575	-	22,282,575	0.61%	454.75
2003	23,921,816	-	23,921,816	0.68%	491.21
2002	25,685,437	-	25,685,437	0.76%	535.93
2001	27,990,991	-	27,990,991	0.86%	591.95
2000	31,086,503	-	31,086,503	1.12%	675.79
1999	22,076,311	-	22,076,311	0.82%	479.92
1998	19,909,471	-	19,909,471	0.77%	440.48

⁽¹⁾ Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

⁽²⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 6

⁽³⁾ Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

COUNTY OF FRANKLIN, VIRGINIA

Table 12

Legal Debt Margin Information Last Ten Fiscal Years

_	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	258,438,013	267,955,880	277,549,297	324,161,556	336,802,971	350,224,224	365,073,663	503,905,197	529,957,978	555,989,953
Total net debt applicable to limit	19,909,471	22,076,311	31,086,503	27,990,991	<u>25,685,437</u>	23,921,816	22,282,575	23,223,697	28,507,051	33,003,883
Legal debt margin	238,528,542	245,879,569	246,462,794	296,170,565	311,117,534	326,302,408_	342,791,088	480,681,500	501,450,927	522,986,070
Total net debt applicable to the limit as a percentage of debt limit	7.70%	8.24%	11.20%	8.63%	7.63%	6.83%	6.10%	4.61%	5.38%	5.94%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value 5,559,8	5,559,899,532				
Add back: exempt real property					
Total assessed value 5,559,8	99,532				
Debt limit (10% of total assessed value) 555,9	89,953				
Net debt applicable to limit33,0	03,883				
Legal debt margin 522,9	86,070				

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Total Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2007	51,102 \$	27,082	1,383,935,000	40	7,305	3.80%
2006	50,100	26,622	Not Available	40	7,183	2.80%
2005	49,741	25,249	II.	40	7,103	3.60%
2004	49,000	25,249	11	Not Available	7,096	3.60%
2003	48,700	24,727	n	ti	7,114	4.50%
2002	47,927	24,089	и	17	7,031	6.20%
2001	47,286	23,436	n	11	7,039	5.30%
2000	46,000	22,074	u	U	7,044	4.30%
1999	46,000	21,262	ti	IT	6,930	4.10%
1998	45,200	20,491	II .	и	6,964	2.80%

Souce: Weldon Cooper Center, Annual school report - prepared by the county, www.fedstats.gov

Principal Employers
Current Year and Seven Years Ago
(Data not available prior to June 30,2000)

	_ Fis	scal Year	2007	_Fis	Fiscal Y <u>ear</u> 2000		
Employer	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment	
MW Manufacturers, Inc	1,367	1	5.23%	1,200	2	5.02%	
Franklin County Public Schools	1,186	2	4.54%	1,281	1	5.36%	
Wal-Mart	400	3	1.53%	361	5	1.51%	
Franklin County	317	4	1.21%	250	9	1.05%	
Trinity Packaging, Inc.	300	5	1.15%				
Ronile. Inc.	300	6	1.15%	350	6	1.46%	
Uttermost Company	178	7	0.68%	150	10	0.63%	
Carilion Franklin Memorial Hospital	270	8	1.03%	270	8	1.13%	
The Willard Companies	265	9	1.01%				
Mod-U-Kraf Homes, Inc.	225	10	0.86%				
Fleetwood Homes of Virginia				436	4	1.82%	
Cooper Wood Products				308	7	1.29%	
Lane Company				500	3	2.09%	
Totals	4,808		18.41%	5,106		19.55%	

Source: Individual companies

Full-time Equivalent County Government Employees by Function Last Six Fiscal Years
(Data not available prior to June 30, 2001)

	Full-time Equivalent Employees as of June 30								
Function	2001	2002	2003	2004	2005	2006	2007		
General Government									
Legislative	7	7	7	7	7	7	7		
General and financial administration	30	30	30	30	31	31	34		
Judicial Administration									
Courts	10	10	10	11	13	13	11		
Clerk of Court	10	10	10	9	9	9	10		
Commonwealth Attorney	6	6	6	8	7	7	7		
Public Safety									
Sheriffs department	54	54	54	54	41	43	44		
Correction and Detention	26	26	26	26	26	27	32		
Building inspections	6	6	6	6	7	7	8		
Animal control	3	3	3	3	3	3	4		
Public Safety	8	8	8	8	13	16	19		
E911	1	1	1	1	14	14	14		
Public Works									
Solid Waste	13	13	13	13	13	14	15		
General buildings and grounds	4	4	4	4	4	5	6		
Public Works					2	3	4		
Health and Welfare									
Department of social services	54	54	54	61	61	61	62		
CSA	1	1	1	1	1	2	2		
Family Resources	5	6	6	6	6	6	6		
Aging Services	3	3	3	3	3	3	3		
Recreation and Cultural									
Parks and recreation	7	7	7	7	7	8	9		
Library	5	5	5	5	5	6	6		
Community Development									
Economic Development						1	1		
Work Force Consortium	2	2	2	2	2	2	2		
Planning	4	5	5	5	8	8	11		
Totals	259	261	<u>261</u>	<u>270</u>	283	296	317		

Source: Franklin County Adopted Budgets

COUNTY OF FRANKLIN, VIRGINIA

Table 16

Operating Indicators by Function Last Three Fiscal Years (Date not available prior to June 30, 2004)

		Fiscal Year		
Function	2004	2005	2006	2007
General and financial administration Information Technology:				
Hardware Response Time (In Days)	11.4	9.3	4.5	4.5
Voter Registrar: Number of Registered Voters	28,020	29,769	30,170	31,413
Public safety Sheriffs department:				
Physical arrests			2,823	4,173
Calls for service	15,000	15,707	16,000	26,047
Fire and rescue:				
Number of fire calls		1,074	1,298	1,225
Number of rescue calls Fire Investigations	54	3,509 81	4,057 118	4,254 165
The investigations	0 4	O1	110	100
Building inspections: Permits issued	1,656	1,569	1,552	1,358
Public works Landfill:				
Refuse collected (tons)	60,652	59,698	61,866	61,367
Health and Welfare CSA:				
Case Load - Number of Children	132	167	177	242
Aging Services:				
Transportation Clients		490	894	692
Culture and recreation Parks and recreation:				
Sports registration/classes Shelter reservations	4,406 269	4,566 283	4,655 250	4,700 252
Community development	200	200	200	202
Planning: Zoning permits issued			2,836	2,883
Component Unit - School Board Education:				
Local expenditures per pupil	3,245	3,407	3,523	3,569
Source: Individual county departments				

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	1998	 1999	2000	2001	2002	2003	2004	2005	2006	2007
					2002				2000	
General government	4	4		4			4			4
Administration buildings	1	1	1	1	1	1	1	1	1	1
Judicial Administration										
Courthouses	1	1	1	1	1	1	1	1	1	1
Public safety										
Sheriffs department:										
Patrol units	58	58	58	58	58	58	58	58	58	58
Building inspections:										
Vehicles	5	5	5	5	5	5	5	5	5	6
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Public works										
Landfill:										
Collection Trucks	7	7	7	7	7	7	7	7	7	7
Green Box Sites	74	74	74	74	74	74	74	74	74	74
Health and welfare										
Department of Social Services:										
Vehicles	8	8	8	8	8	8	8	8	8	8
Culture and recreation										
Parks and recreation:										
Parks	9	9	9	9	9	9	9	9	9	9
Libraries	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	14	14	14	14	14	14	14	14	14	14
School buses	162	162	162	162	162	162	162	162	162	162

Source: Individual county departments

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF FRANKLIN, VIRGINIA

We have audited the financial statements of the County of Franklin, Virginia as of and for the year ended June 30, 2007, and have issued our report thereon dated January 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Franklin, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Franklin, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Christiansburg, Virginia January 30, 2008

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF FRANKLIN, VIRGINIA

We have audited the compliance of the County of Franklin, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County of Franklin, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Franklin, Virginia's management. Our responsibility is to express an opinion on County of Franklin, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Franklin, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of County of Franklin, Virginia's compliance with those requirements.

In our opinion, the County of Franklin, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County of Franklin, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Franklin, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Franklin, Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by

the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Christiansburg, Virginia January 30, 2008

County of Franklin, Virginia Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	·- , ·
Temporary Assistance to Needy Families (TANF)	93.558	254,025
Low Income Home Energy Assistance	93.568	35,203
Child Care Cluster-Payments to States for Child Care Assistance	93.575	213,245
Refugee Impact Grant Analysis	93.576	270
Child Care Cluster-Child Care and Development Fund	93.596	202,125
Chafee Education and Training Vouchers	93.599	9,944
Foster Care - Title IV-E	93.658	637,136
Adoption Assistance	93.659	114,554
Social Services Block Grant	93.667	369,512
Chafee FC Independence	93.674	14,001
Medical Assistance Program (Title XIX)	93.778	244,960
Total Department Health and Human Services	_\$	2,137,256
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Child Nutrition Cluster-Food Distribution (Note 2)	10.555 \$	180,209
Department of Education:		
Child Nutrition Cluster-National school breakfast program	10.553	479,479
Child Nutrition Cluster-National school lunch program	10.555	1,170,920
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	295,571
Total Department of Agriculture	_\$	2,126,179
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Junvenille justice and delinquency prevention	16.540 \$	37,902
Violence against women formula grants	16.588	37,605
Total Department of Justice		75,507
Department of National Community Services:		
Pass Through Payments:		
Department of Education:		
Learn and Serve	94.004 \$	45,000

County of Franklin, Virginia Schedule of Expenditures of Federal Awards (Continued) For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002 \$	473,730
Title I: Educationally deprived children	84.010	1,543,428
Special Education Cluster-Title VI-B: Handicapped state grants	84.027	1,499,008
Vocational Education: Basic grants to states	84.048	139,810
Special Education Cluster-Title VI-B: Handicapped preschool incentive grant	84.173	37,998
Drug free schools	84.186	34,594
Partnerships in character education-Learning grant	84.215L	103,476
Title VI: Improving school programs state block grant	84.298	29,401
Advanced Placement Incentive Program	84.330	572
Even start	84.213	132,440
Literacy Challenge Grant	84.318	31,992
Reading first	84.357	394,250
Title II-Part A: Improving Teacher Quality	84.367	345,899
Total Department of Education	_\$	4,766,598
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Home Investment Partnerships Program (HOME)	14.239 \$	141,244
Emergency shelter grants program	14.231	28,348
Community Development Block Grant	14.228	695,008
Total Department of Housing and Urban Development	_\$	864,600
U.S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
· · · · · · · · · · · · · · · · · · ·	07.004 6	04.504
State Homeland Security Grant	97.004 <u>\$</u>	34,584
Total Federal Assistance	\$	10,049,724

County of Franklin, Virginia Schedule of Expenditures of Federal Awards (Continued) For the Year Ended June 30, 2007

	Federal	
Federal Grantor/State Pass - Through Grantor/	Catalog	Federal
Program Title (Pass - Through Grantor's Number)	Number	Awards

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Franklin County, Virginia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government: General Fund Utility Fund	\$ 3,407,518
Total primary government:	\$ 3,407,518
Component Unit Schools: School Operating Fund	\$ 6,461,997
Non-cash expenditures - value of donated commodities	\$ 180,209
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 10,049,724

COUNTY OF FRANKLIN, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

Section I – Summary	of Auditor's Results
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Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

No

Significant deficiencies identified not considered

to be material weaknesses?

No

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

No

Significant deficiencies identified not considered

to be material weaknesses?

None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133,

Section .510 (a)?

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster	
84.002	Adult Basic Education	
84.01	Title I	
84.357	Reading First	
14.228	Community Development Block Grant	

Dollar threshold used to distinguish between Type A and Type B programs

300,000

Auditee qualified as low-risk auditee?

Yes

Section II – Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None